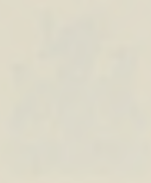


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Legislative Assembly of Ontario

Second Session, 37th Parliament

Assemblée législative de l'Ontario

Deuxième session, 37^e législature

Official Report of Debates (Hansard)

Tuesday 12 June 2001

Journal des débats (Hansard)

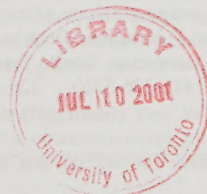
Mardi 12 juin 2001

Standing committee on estimates

Committee business

Comité permanent des budgets des dépenses

Travaux du comité



Chair: Gerard Kennedy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 12 June 2001

Mardi 12 juin 2001

The committee met at 1600 in committee room 228.

COMMITTEE BUSINESS

The Chair (Mr Gerard Kennedy): I call the meeting to order. Thank you all for attending. I welcome you to the 2001 estimates. As you know, we are here to commence estimates with the selections of each of the parties present. Just by way of preamble and to be helpful, according to the best expectation we can have—and if the government members have any information to share that would be helpful to members of the committee, they are welcome to provide that—it would seem that we are looking at something in the order of 45 to 50 hours maximum of total hearing time, given a number of circumstances: the timing of the budget, the fact that there was a week in between.

In my neutral capacity, I will leave it up to the parties present if they wish to make arrangements for more hearing time or what have you. But without that arrangement being arrived at, that's essentially what we are looking at.

What that means for our business today is that each of the parties can look forward to the likelihood—there may be changes in calendar and so on; again, if the government can give us more direction, that would be terrific—that roughly each party will get the two choices or the one choice, whichever they wish to make out of their round. It looks as if there will be time for one round from each of the parties here today. We will still, I believe, go ahead with our three selections and so forth, but I thought it would be useful to consider what the business of estimates looks like from now till the time we are required by the orders to report to the House. I just provide that by way of information.

If anyone would like to raise any related issues or any discussion, I'd be happy to take that now, otherwise we will commence with the selection of ministries.

Ms Shelley Martel (Nickel Belt): I have a question. I apologize for not having all of this. I'm replacing Mr Bisson. What is the date by which we are due to report to the House?

The Chair: The third week in November, the third Thursday in November. At that time all estimates are deemed to be reported. Our last consideration is normally the Tuesday and Wednesday just before that particular date because that is when the orders allow us to sit. I'm

sorry I don't have that date available to you but, again, it is the third Thursday that is mentioned in the orders. Any further questions or discussion?

Mr Alvin Curling (Scarborough-Rouge River): When does the House come back, by calendar?

The Chair: By calendar, we place it in the third week of September. We are basing the earlier rough estimate—I want to emphasize that; the government of course can change and modify the calendar at will. We can come back with the date, but I don't think it will be a material change. I think in essence we are looking at 45, and allowing for one week's difference, a maximum of 50 hours, which is just barely enough to do one round for each of the parties.

I know you all make careful deliberations in your choices, and you may well have already looked ahead, but I just thought I'd put that on the table for the benefit of everyone today.

If there is no further discussion, we will commence with the selection of estimates. As you know, our job is to choose no fewer than six in total and no more than 12. The first round, starting with the official opposition, I'll ask the whip of the official opposition, Mr Peters, to choose one or two ministries for a combined total of 15 hours.

Mr Steve Peters (Elgin-Middlesex-London): I'd like to put forth two ministries at seven and a half hours each: education and health.

The Chair: Thank you. I now turn to Ms Martel as the representative for the third party and ask her to indicate one or two ministries for a combined total of 15 hours.

Ms Martel: I'd like to split the 15 over two rounds of seven and a half each. They would be the Ministry of the Environment and the Ministry of Energy.

The Chair: OK, to the government party. Could I ask you for your selections, please, one or two ministries for a total of 15 hours.

Mr John O'Toole (Durham): Yes. We'd like to put forward two ministries: economic development and trade, and tourism, culture and recreation; seven and a half each.

The Chair: OK. Notwithstanding the information before, if the calendar does change, I'd like us to be prepared and would like to go through with the second round of choices. I'll turn first again to the official opposition and wonder if I could ask you to give us what your selections will be. Second round, you have 15

hours, one or two ministries. It is your choice for the combined total of hours.

Mr Peters: OK, second round, environment, 10—

The Chair: Sorry, you're going to change that because environment has been chosen. It has already been selected.

Mr Peters: OK. I follow you. Comsoc, seven and a half, and training, colleges and universities, seven and a half.

The Chair: All right. The third party, Ms Martel

Ms Martel: Two choices again to divide up the 15 hours: first, Ministry of Transportation and, second, Ministry of Northern Development and Mines.

The Chair: When you say divide the 15 hours, divided equally?

Ms Martel: Yes.

The Chair: OK. Thank you. The government party?

Mr O'Toole: Second round, we would go for Ministry of Natural Resources and Ministry of Intergovernmental Affairs.

The Chair: Is it your wish that that be equal time, seven and a half hours per?

Mr O'Toole: Yes.

The Chair: I think in fact we have done our duty here. I didn't mean to raise the possibility of a third round. Those are 12 ministries. That's the required number. Had one party or other chosen 15 hours, we would have continued to select. But essentially our duty is done for today.

I'll just remind you, as part of the formal text, that it's the third Thursday in November. Those that are not considered, in other words, the ones we didn't choose today, are deemed reported and concurred upon on this date.

At the first item, the first vote, each party may speak for not more than 30 minutes. The minister speaks for 30 minutes and the remaining time is divided among the three parties in rotation, beginning with the official opposition. The time we are allowed is no more than 20 minutes. We have sometimes set it at less, but that has been the comfortable time to divide the meetings in, so that's what we can anticipate.

Now, I'll put this for the committee. We'd normally give the ministry selected some notice in order to attend. I understand that Management Board tells us that the detailed estimates could be available on the 18th. I'm wondering, is it the wish of this committee to give the ministries a week? Would that be sufficient time before we have them come in to appear before this committee?

Mr O'Toole: Yes, from the government side, that sounds appropriate.

The Chair: So we will notify the ministries appropriately, starting the 19th. Is there any other business?

Mr Curling: In the first round we are going to have education, health, environment, energy, economics and tourism. We know we can't do that within the time. Will that be deemed as read and completed?

The Chair: Only on the third Thursday when whatever work we've been able to accomplish—and those,

like Mr Wettlaufer, who have been long-standing members of the committee, know that I always try and urge the committee to do as much work as possible. We've done not badly some years and other years circumstances got in between. Whatever we have been able to get done by the third Thursday is deemed to be done. I'm asked, on your behalf, to report to the House that we've examined what we've been able to examine, and anything unfinished, including those selected, is then deemed to have been reported to the House.

But I would say to you that we will have those 50 hours, approximately, which means we will touch on—again, assuming the calendar. I'm sorry there's nothing we can do today to be more definitive. It looks like we would get to the Ministry of Community and Social Services if everything remained the same. I would just caution the official opposition, whose choice that is, that we have never had a year where everything has remained the same, but just in case.

Mr Curling: Maybe you've answered my question, but I don't think I understood it. I'm saying at the 28th or 29th of this month—

The Chair: Yes, these will continue into the fall.

Mr Curling: OK.

The Chair: My apologies, Mr Curling. Your question was perfectly straightforward. Yes, everything will be carried over. We will start with, it looks like, the Ministry of Education. We will probably have to carry that on into the fall or we may actually finish education and begin with health.

Mr Curling: One last point. Next week, Tuesday, will the Ministry of Education be ready with their books?

The Chair: No. We give a week to prepare.

Mr Curling: So we give them notice today and next Tuesday they're ready.

The Chair: Yes, that's correct.

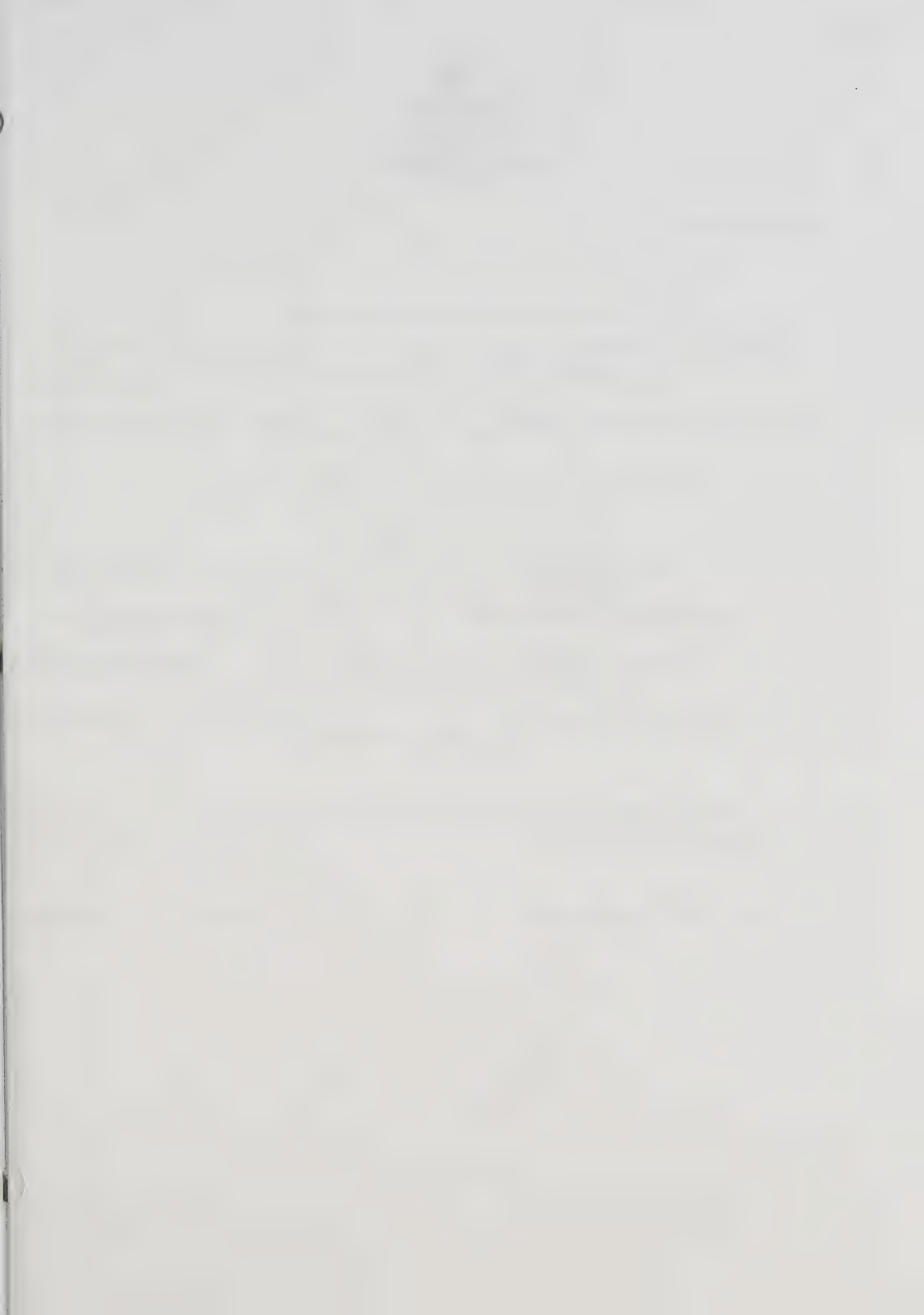
Mr O'Toole: For clarification, through the Chair to the clerk, just administratively to reinforce for new members of the committee, of which I'm one, normally the committee meets on Tuesdays and Wednesdays after petitions to 6 o'clock, only when the House is in session. If the House comes back earlier or later, all of this gets sort of moved along. The subcommittee may have to meet or whatever to readjust.

The Chair: If it is just the shifting of the calendar, we would normally not require a meeting. We would just adjust our calendar accordingly, because what we are fixing today is by the power we have under the orders to conduct our business. We are then subject to the whim of the House calendar.

Again, I invite members of any parties who think that we should be examining more ministries with more vigour. I'd be very happy to assist, in my neutral chairmanship way, to enable that to happen. But that would take the initiative of one of the parties to propose some kind of arrangement that the government might find acceptable.

Any other business? Thank you very much.

The committee adjourned at 1610.



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Legislative Assembly
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Second Session, 37th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 37^e législature

Official Report of Debates (Hansard)

Tuesday 19 June 2001

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Mardi 19 juin 2001

Standing committee on
estimates

Comité permanent des
budgets des dépenses

Ministry of Education

Ministère de l'Éducation



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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 19 June 2001

Mardi 19 juin 2001

The committee met at 1538 in room 228.

MINISTRY OF EDUCATION

The Vice-Chair (Mr Alvin Curling): May I call the standing committee on estimates to order. Welcome, Madam Minister.

Let me just set out the procedure, so that everyone can understand. I remember the last time we had a little bit of a mix-up here. The minister has 30 minutes for an opening statement, the official opposition also has 30 minutes for an opening statement and the third party has 30 minutes for an opening statement. This was the area we had some difficulty with last time. The government has the right of reply for 30 minutes. The minister or the government members of the committee may use that time in any way they wish. The remaining time is divided equally among the three parties in rotation at 20 minutes each, starting with the official opposition.

I'm going to call vote 1, item 1. How much time do we have on this? Seven point five hours?

Clerk Pro Tem (Ms Anne Stokes): Seven and a half.

The Vice-Chair: Seven and a half hours, Madam Minister. I want to welcome you and ask you to start with your opening statement, which is 30 minutes.

Hon Janet Ecker (Minister of Education, Government House Leader): Mr Chair and committee members, I welcome the opportunity to appear once again before the standing committee on estimates.

Last September, I provided committee members with an update on what the Ministry of Education had accomplished in our efforts to improve our publicly funded education system in the province. With another school year drawing to a close, I am pleased to bring you an update on all our activities.

But I think it's important to reaffirm, off the top, that our goal for education reform is the same today as it was when we were first elected in 1995. We remain committed to ensuring that Ontario's education system provides students with the best education in Canada and that we can equip our students with the skills they will need to succeed in a challenging world. Our focus on higher student achievement remains undiminished.

To meet our goals, we've laid out a comprehensive plan for education reform that's guided our steps since that 1995 election. Since then, we've been working our way through our commitments and doing what we said we would do.

We committed to fair and equitable funding for all students in Ontario's publicly funded schools, regardless of where they live. To fulfill that commitment, we introduced a new, student-focused approach to funding to protect classroom spending, reduce bureaucratic waste and guarantee our students that the resources for their education would not have to depend on whether they lived in a rich or a poor neighbourhood. This new funding approach replaced a complex system of 34 different kinds of grants with a more streamlined, transparent and equitable series of 11 grants.

One of the most significant of these changes is in the way we fund capital expenditures. I know that's something that has created confusion sometimes, but with our funding, boards know that funding will be based on long-term enrolment forecasts, so they can plan more effectively to meet their capital needs.

I'm pleased to note that by this fall, 246 new schools and additions, accommodating over 106,000 students, will have been constructed since the new funding approach was introduced in 1998. It's also interesting to note that since this change, there has been a 10% decline in the number of portables in our schools, another significant improvement.

In 1995, we also made a commitment to introduce a demanding new curriculum that focused on core subjects like math and science and provided our students with better preparation for post-secondary or workplace destinations. With the release last year of the new grades 11 and 12 curriculums, the government has completed the most comprehensive modernization and overhaul of the kindergarten to grade 12 curriculum that has ever taken place. This coming fall, the new grade 11 curriculum, with its innovative destination-based courses, will begin to be taught across Ontario, and the new grade 12 curriculum will be taught for the first time the following year.

In 1995, we committed to providing standardized province-wide student testing, so that parents could have clearer information about how well their children were learning and where they needed extra help. The Education Quality and Accountability Office's province-wide tests for grades 3, 6 and 9 and for grade 10 literacy testing are now a well-established part of our educational system.

Standardized tests give parents, students and educators vital information about where students are making progress and where improvement is needed. For example,

these tests have shown that our grade 3 students are struggling to meet the provincial standard for reading and writing, something we suspected but had not had the data to prove. That is why earlier this month I announced a new early reading strategy. Supported by \$24 million in new funding, it requires every elementary school to set targets to improve the reading achievement of junior kindergarten to grade 3 students, as measured by the province-wide grade 3 test, and to report annually to parents on the school's progress.

Principals, school councils and teachers will have key roles in setting targets and putting improvement plans into action. Teams of improvement specialists will assist selected schools that the ministry and boards have identified as needing extra help in order to improve. These teams will help the schools identify problem areas and help them develop plans to help their students succeed.

There's also evidence that our rigorous new curriculum and standardized testing program are paying off. In the fall last year, we received encouraging news with the results of the 1999 Third International Math and Science Study, called TIMSS, in which a sample of Ontario's grade 8 students participated. The results showed that Ontario students have significantly improved in math and science when compared with Ontario's 1995 results. In the coming months, we will also begin expanding student testing to other grades and other subjects. We will require that schools provide those who are falling behind with the extra support they need to catch up.

In the 1999 election, we laid out the next phase of our education reform plan. We did that in our campaign document entitled Blueprint. Some of the things included in there were to ensure that classroom funding continues to grow beyond enrolment; to establish a new province-wide code of conduct, which is designed to help create safe, more respectful learning environments for students to learn in and for teachers to teach in; new school council regulations to give parents the stronger voice they've asked for in their children's education; a comprehensive teacher testing program to ensure that all our teachers have and continue to improve their skills and knowledge to help our students achieve; and measures to ensure greater school board accountability.

There's certainly a great deal of work left to do. The ministry, though, has made progress, I believe, in each of these critical areas. I'd just like to briefly summarize some of the important steps, because I think they bear repeating.

First, to talk about funding, as part of our ongoing commitment to support the publicly funded education system, the province continues to increase its investment, to increase funding for our system. For the upcoming school year, funding for education has been boosted by more than \$360 million. And in response to what we heard from our education partners, this new funding is going out in a way that gives boards greater flexibility to address what they determine to be their local priorities.

I think it's important to get on the record that the province has indeed increased the amount of money it is

spending on public education. When we came to office in 1995, education spending was \$12.9 billion. With the additional \$360 million for the next school year, as I just mentioned, education spending will have increased to \$13.8 billion, a growth well above the growth of enrolment.

As well, I think it's important to recognize that we continue to improve and enhance funding each year to deal with priority areas. For example, this year, because of changes we made, boards with additional costs as a result of having remote and rural locations will see increased funding of \$37 million—and there were some 10 additional school boards that received remote and rural funding. As I came in today, I was just reading a press clipping that one of those particular boards is actually in surplus this year because of that. I think that is another important step that year by year we improve and enhance how we fund so that there is not only more money out there dollar for dollar but also more in priority areas.

Of course, one of the key priority areas has been to ensure that more of that funding goes into the classroom and not into administration. I'm pleased to note that since 1997—this was when we changed our approach to funding—classroom spending has increased from 61% to 64% of a school board's total operating budget. We estimate that spending on school board administration has also declined by \$150 million since 1995. So not only do we have more dollars, but we have more dollars in the classroom—approximately \$800 million more overall in classroom priorities.

At the same time, we continue to focus resources on other priority areas, for example, special education. Last year, we increased spending by 12% over the previous year, and that was the third year in a row that resources in this area have been increased. For the upcoming school year, funding for special ed will increase again to a projected \$1.37 billion.

In addition, though—because while resources are very much part it, they're not the only issue that needs to be addressed—as part of our ongoing plan with special education to improve quality and accountability, we created new standards for individual education plans for our special-needs students. This will help to ensure that boards are accountable for delivering high-quality programs and services and also that parents will know what services their child should be receiving. We've also provided and worked with our partners to develop standards for school boards' special education plans—the overall services they provide for special education.

We're now working on the development of quality standards for each exceptionality, if you will—for example, for children with autism—so each school board will know and be very clear on the kinds of services, the range of services, they need to provide to a child with autism to help support their education. As well, in this year's budget we announced an additional \$3 million this year and \$4 million in future years to expand education supports for children and youth in institutions and facilities.

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Another important initiative I mentioned was the code of conduct and our Safe Schools Act. We've already introduced significant measures to help make our schools safer, more respectful places that will support learning and teaching. Last spring we introduced the Ontario schools code of conduct, which sets out clear provincial standards of behaviour for everyone involved in our schools and, as well, outlines the consequences for students who are breaking those rules, who do not observe those rules.

We passed the Safe Schools Act last spring. That provides the legal authority to enforce the code of conduct. As with our other reforms, a phased-in approach is being used to recognize the linkages between the various elements of the safe schools initiative. Once different sections of the Safe Schools Act that set out mandatory expulsions come into effect for the next school year, principals, under this new authority, will have the authority to expel students from their schools for up to one year for serious infractions that are set out in the legislation. In addition, teachers will be able to issue one-day suspensions for a number of infractions. Since April, school and school board staff have been receiving training to support their new roles and responsibilities under this legislation.

Under the new expulsion of a pupil regulation, students who are fully expelled can earn their way back into a regular classroom by successfully completing a strict-discipline or equivalent program. We have seven demonstration projects that are now being put together for fully expelled students. They'll be up and running for this next school year. I think this is a very important improvement over previous circumstances where, if a student was expelled, the school board could quite literally wash their hands of that young person. What this requires is that if a young person wants to earn their way back into a classroom, a school board must be able to have the programming in place to help that young person not only continue their education but also deal with whatever issues may well have caused their behaviour. I should also point out that this initiative is accompanied by \$16 million in new funding to help support it.

Safety and protection of children in our schools is obviously an important priority. While the Safe Schools Act has made great progress on this front, I certainly recognize there is more we need to do to help our students make our schools safer places to learn in. We are currently in the process of implementing a number of key recommendations from Justice Sydney Robins's report on sexual abuse and misconduct in schools. He had a number of extensive and very careful recommendations which we have been working with our partners to put in place.

For example, last December we released a provincial model for local police-school board protocols, which directly addresses a number of his recommendations such as having appropriate procedures between school boards, police and children's aid societies for addressing sexual

abuse cases or when there is a suspicion that such activity is going on, and also clear procedures and rules on how and when students can be interviewed by police, and how and when parents will be contacted if there's an incident that involves their child that might well require police involvement—again, some important improvements not only for safety but also to make sure the rights of parents and all students are being observed appropriately.

I had a meeting with all our school board representatives to discuss the recommendations directed to them to make sure all of us, as partners, were working toward implementing them. Each board will be bringing their employment policies and practices in line with the recommendations. We've requested that they provide us with an update on their individual procedures and practices and how well they're doing on this so we can ensure we are indeed meeting the challenge.

I think it is important to note that we have also included age-appropriate training on sexual misconduct in the new curriculum for children, so they understand about setting personal boundaries and knowing when things are not appropriate. I am also pleased that the College of Teachers has responded well to the report and moved forward with a number of initiatives in their area. For example, based on Robins's recommendations, they've made some recommendations to the government about how to move forward with legislative and regulatory changes that would give them greater authority to deal appropriately with sexual misconduct by teachers and also to better define and broaden the definition of this behaviour, so we can prevent this happening to any child.

I think there's another important partner in our education system, and that is parents. Research has clearly shown that greater parental involvement in education not only supports improved student achievement but also encourages and then supports schools and school boards to be more directly accountable to parents. In 2000-01, we continued our support of parental involvement in the school system through an important new regulation that was based on what parents told us they wanted done. It strengthens their advisory role as parents on school councils and gives them more influence over their children's education.

Under this regulation, school councils have the right to make recommendations to their schools and school boards on any matter including, for example, but not limited to, the selection process for principals and vice-principals and the implementation of their local code of conduct safe schools policy. All school boards and principals will not only be required to seek the advice of parents on school councils but also, and equally important, to report back to parents about how this advice has been taken and what happened to it—again, one of the things many parents expressed frustration about.

In addition to giving school councils a stronger provincial voice, the government restructured the Ontario Parent Council which, as some of you may know, is an independent group that provides advice to the govern-

ment on issues of education policy as they pertain to parents. We've restructured the council so that school councils can now nominate and have regional representation on the council. This was something we did over the course of the winter at regional meetings where they selected their regional representatives to be on the council. That is now in place. They've had their beginning meetings, and I think they're going to be extremely helpful in their role.

The coming school year will see another significant initiative to support parental involvement. Starting in November, we will be launching annual surveys to measure parent satisfaction with the education system, with the education their child is receiving.

There's another important partner in our education system, and that has to do with our excellent teachers. I want to talk about another significant initiative which will help improve student achievement and help promote and support excellence in our teaching profession. It is probably a bit of a cliché, but I think it is worth repeating, that excellence in learning starts with excellence in teaching. Here in Ontario we have many excellent and dedicated teachers who have the skills, who have the knowledge and who go above and beyond for students on a regular basis, because they see that as just part of the job. They have the skills and the knowledge to help students achieve higher standards.

We also know there are other teachers who require assistance in doing so. We also know that parents have been very clear that they want to make sure teacher training and teacher learning is as consistent, as effective and as rigorous as it needs to be. We are responding to those concerns through implementing our comprehensive Ontario teacher testing program. In May last year, after extensive consultation and research, we laid out the policy framework and the implementation schedule for this initiative. The first component of the program was put in place last fall, and that dealt with a language proficiency test for teachers who were trained outside Ontario in a language other than English or French.

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Last week, I introduced the Stability and Excellence in Education Act to move forward with another piece of this legislation. If approved by the Legislature, the act would require teachers to participate in a recertification program. This proposed program would require all teachers to successfully complete certain courses and professional development activities over a five-year cycle throughout their careers in order to be recertified. This new approach to a rigorous, more high-quality system of professional development will help to ensure that all of our teachers stay up to date and have the skills and knowledge to help students achieve the higher standards we have set for them. I should say that the recommendation for recertification was something that was first put forward by the Royal Commission on Learning back in 1995, a report that had considerable support from all three parties in terms of the recommendations that it put forward.

The government's comprehensive program for ensuring teacher excellence will also encompass a number of

other initiatives. These include a qualifying test, much like a lawyer's bar exam, that will begin next spring. This will be a test that all graduating teachers will be taking before they step into a classroom to ensure that they have what they need from the faculties of education.

We'll also have an internship program to help new teachers develop good classroom management and teaching skills, through coaching and support from more experienced colleagues. Again, some boards have been very good at developing programs of this kind, but we want to make sure that every new teacher who steps into an Ontario classroom can have this kind of support at every board.

We'll also this fall be bringing forward a province-wide performance appraisal system that will ensure that both principals and school boards in their role as employers are evaluating all teachers in a consistent, fair and accurate way in the classroom across the province. That evaluation in the classroom is also a very important ability to ensure that we're meeting the needs of our students. The other thing about the performance appraisal and evaluation system is that it will also allow parents and students to have a voice in this process as well; again another significant improvement.

Other initiatives: recognition for teaching excellence. As we announced in the April 2001 throne speech, we will be encouraging school boards to reward high-performing teachers and principals. In addition, we are working with the college of teachers, the teachers' federation and the faculties of education to meet Ontario's growing demand for new teachers to be able to recruit the best candidates to our teaching profession here in Ontario. While we have been, when compared to other provinces, more successful in attracting teachers to Ontario, to our classrooms in this province, we know with the worldwide shortage that everyone is confronting we will need to be much more assertive about making sure that we can have good, excellent people standing in our classrooms.

One of the other initiatives I want to touch on is that for the upcoming school year we have committed to a number of additional initiatives to support our students, teachers and parents in this coming school year, and this has to do with the issue of extracurricular activities. In May of this year I announced a significant package of initiatives to help our boards take steps to help all of the partners to ensure that students have these opportunities available for them.

The package included additional resources that we put forward at that time, \$50 million in funding that school boards could use to address local priorities. It also would allow school boards to vary the average class size in high schools by up to one student so they could use those resources to improve access to teachers and help students, providing greater access to remedial help by expanding what is included in the definition of instructional time.

These initiatives were based on key recommendations from the advisory group on co-instructional activities.

After considerable consultation and work, they brought forward a number of recommendations to, for example, broaden the definition of instructional time to give school boards greater flexibility to recognize co-instructional activities when assigning teachers' workload. This is something that the legislation before the House this session proposes to do. They recommended developing province-wide standards for the training and orientation of community volunteers to help with co-instructional activities, work that we are doing with our educational partners. They've also recommended that we work with the college of teachers and the faculties of education to provide courses to prepare teachers for leadership roles in co-instructional activities; again, work that we have underway. They've also recommended that we withdraw the sections of the Education Accountability Act that would have required teachers to provide co-instructional activities, while at the same time proclaiming other sections of the act which would require school boards to develop and implement plans for the provision of co-instructional activities for high schools. This is something that is included in the legislation that is before the House this session.

If passed, the Stability and Excellence in Education Act would enable us to move forward with these commitments.

While I'm mentioning that act, there is another initiative that I think I'd like to mention, and that is that the act, if passed, will enable us make some important changes in the collective bargaining process. We recognize that if our students are to benefit from changes like the new curriculum they need to be able to learn in a more stable learning environment. Some of the annual rounds of collective agreements that we've seen in some boards have certainly been a concern to parents. While some boards and unions have been able to come to responsible agreements, other boards have had significant difficulty, both with teachers and school support staff. So both parents and students have expressed concerns about these disruptions.

In the legislation we propose two steps to help bring greater labour stability to our schools. The first includes adjustments to the collective bargaining process that would require the upcoming collective agreements negotiated between boards and teachers' unions to run for three years. This requirement will be phased in. As current contracts expire, school boards and teachers' unions will be negotiating contracts to expire on August 31, 2004. All subsequent collective agreements would have a term of three years. So it allows us to respect the collective bargaining process but at the same time lead to a little bit more stability in this area.

The other important change is that the legislation proposes to extend the mandate of the Education Relations Commission to advise when a student's school year is in jeopardy when the strike or the dispute involves school board support staff. Of course, that was something that they could not do. They could only advise us in disputes between school boards and teachers' unions.

Our achievements in education reform we believe have established a solid foundation for a school system that is focused on more accountability, more quality and improved student achievement. We intend to take further steps to build on this foundation, as we promised we would. By promoting higher standards, improved accountability, greater flexibility and choice, we will create a public education system that will continuously strive for excellence in student achievement.

The Vice-Chair: Thank you very much, Madam Minister. You seem to have made my job much easier. You had just about a minute to go.

The official opposition have 30 minutes in which to respond, starting now.

Mr Frank Mazzilli (London-Fanshawe): We've not used our time—

The Vice-Chair: I see. She's just made an opening statement. Do you want an opening statement to add to it?

Mr Mazzilli: My understanding was that we could use anything up to 30 minutes. So we have a minute left.

The Vice-Chair: Do you want me to ask for unanimous consent for you to use the minute?

Mr Mazzilli: Sure.

The Vice-Chair: Mr Mazzilli is asking for unanimous consent that with the one minute remaining he could make a final opening statement. Do we have agreement on that?

Mr Gerard Kennedy (Parkdale-High Park): Sure.

Mr Mazzilli: Minister, thank you very much for coming, and certainly after the hearings on Friday in London on tax credits this is an issue that obviously you're going to hear about from the opposition. I want to talk about it as a tax policy as opposed to an education policy, because there are many here who say this is somehow going to change education forever: \$50 million worth of tax credits this year. We don't hear from the Liberals that you can capital depreciate your Mercedes-Benz on your businesses and you can write off business lunches—

Mr Steve Peters (Elgin-Middlesex-London): Frank, why don't you ask about the Thames Valley school board?

Mr Mazzilli: But when it comes to a simple tax credit—

The Vice-Chair: Mr Mazzilli, I think the time is up. Mr Kennedy, you have 20 minutes.

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Mr Peters: Ask what's going on in your own riding.

The Vice-Chair: Could I have a little order, please.

Mr Kennedy: Madam Minister, I'd like to not just use this time up rhetorically, but with your permission, to get into some dialogue which I think would better serve the people of this province. I thank you for that co-operation.

I wonder if I could start off asking you, is there a single study that your ministry has done to show the impact of a private school tax credit on public education? Is there any study, any paper, any backgrounder that you can share with us today about that particular initiative?

Hon Mrs Ecker: The government has certainly received many submissions from different groups that had advocated on behalf of this particular kind of initiative. The government also was aware of the experience in jurisdictions other than Ontario. That feedback, both based on consultation and based on the experience in other jurisdictions, provided information for the government upon which to make this decision.

Mr Kennedy: With respect, does that mean no? You're the Minister of Education. There are at least submissions from some people in the province—probably less so before the initiative was proposed, but certainly since—that there is an impact on public education. I'm just wondering, as the chief person in charge of public education in this province, has there been some due diligence by your ministry? Have they looked at in any way or form—do they have a document—a research study or something that would demonstrate what impact the private school tax credit will have on your responsibility, which is all of the publicly funded schools in the province?

Hon Mrs Ecker: Certainly, the ministry had, as part of the response to the requests by many groups and parent groups to provide funding—this is not a new request, as you know. This is certainly something that groups and organizations had asked this government to do on more than one occasion. In response to those requests, ministry staff looked at the information that those groups provided to us and looked at the information based on what had happened in other jurisdictions across the country. So certainly that information was obtained. I don't know whether we want to get into a semantic argument about whether that's a formal research study or not, but certainly what happened in other jurisdictions and examining information that had been submitted to us is sort of a normal ministry practice. I would call that a due diligence thing that should be done.

Mr Kennedy: I'm wondering, then, could I apply a simple test to that? If it exists, could it be brought to us, the members of the committee who are charged with evaluating the dollars you're requesting and the activities of your ministry? If you've taken steps to protect the impact upon public education, if that due diligence has been done, can those reports and studies be brought forward to this committee as part of this process?

Hon Mrs Ecker: As I said, there are no formal research studies. But there is the information we received when we asked about what happens in other provinces, the information we received from other organizations that had submitted this to many members of this Legislature. I suspect some of that same information was submitted to your party as well, knowing the interest that your leader and some of your members had expressed from time to time on this issue.

Mr Kennedy: Minister, with all respect, you know how limited my time is. I've been trying to listen carefully to your response, but if there is no report, if there is nothing that you've independently done—you're the chief officer of education in this province for publicly

funded schools. If there is nothing that was done ahead of time—of course, all of us would like to believe this was a carefully planned initiative and you would be fully part of that process, you would have made your recommendations to cabinet based on some kind of evaluation.

But in the absence of your tabling that, I've heard your answer and I respectfully disagree. It would seem that there isn't a report. At least if there is one, it's a secret report because we can't have access to it. I want then to ask you if you could reconcile this—

Hon Mrs Ecker: The information is—

Mr Kennedy: Minister, with respect, I'd like to phrase this in the form of a direct question.

Hon Mrs Ecker: —is freely available in terms of information from the other jurisdictions about their experience.

Mr Kennedy: Minister, with all respect, it is startling and shocking that you wouldn't, in your responsibility, have done an analysis of the particular unique situation that 2.1 million kids in Ontario find themselves in, that you would rely instead of something from other jurisdictions, which you also aren't going to table here today because you have said repeatedly that it's just available. You're saying that nothing has been done by your ministry that spends \$14 billion reputedly—you repeat that—

Hon Mrs Ecker: It's \$13.8 billion.

Mr Kennedy: —over and over again. You say you spend that kind of money and yet you can't look at the impact of this particular initiative.

Hon Mrs Ecker: First of all—

Mr Kennedy: Madam Minister—

Hon Mrs Ecker: Mr Kennedy, you've asked a question. I would like to respond to that—

Mr Kennedy: I want to ask you to respect the time and respond directly to questions.

Hon Mrs Ecker: —because that is not an accurate assessment of what I said.

The Vice-Chair: Order. Let me just state this now. Mr Kennedy has 30 minutes. If he requests an answer without giving you a chance, that's up to him.

Mr Kennedy: Minister, if you think there's something unfair, I will withdraw rather than get into extraneous discussion. I tried to ascertain if any report was done and you've essentially said that there is not.

I'd like to move on to your comments. You said in your letter of January 13, 2000, that "extending funding to religious private schools would result in fragmentation of the education system in Ontario," and you said further "and undermine the goal of universal access to education." Your government, presumably with the assistance of your ministry, prepared a brief to the United Nations. Those statements are repeated in that brief relying upon evidence and research, conceivably at least, inputted from your ministry. So this is your research conclusion, at least as presented to the United Nations.

I want to know, if you've done no research to the contrary, can we still rely—does your statement of January 13 and all the research done—and I would caution you

ahead of time. The research that you submitted to the United Nations and the Supreme Court decision you quote say "partial," "full"—potato, potato, it's the same thing. So I want to ask you, you said and your government have said that funding of any kind would fragment and undermine public education. Can we rely on that considered, researched opinion of yours? Does it still stand today?

Hon Mrs Ecker: I think what is important to recognize is that we were responding to a United Nations request, rulings that they were making. They had asked Ontario a couple of questions about, for example, having no funding to a Catholic system and having full funding to schools. I certainly share a concern about providing full funding to independent schools in a way that other provinces have done it, where it's sort of a grant, where the government is in the position of making judgment calls around different kinds of schools—religious schools, for example—that may or may not get grants. That's something I don't think is an appropriate step for a government to take, but since the government has agreed with many parents who have said that they do wish to have their parental choice respected and supported, the government's conclusion is that the best way to do that—to respect that choice, to allow a parent the ability to judge what's best for their children as opposed to the government doing that for them—is to go via a tax credit way.

So it is a little different—actually, significantly different, I would submit—than providing full funding or doing it as a sort of equitable basis, which was actually some of the requests that we had.

Mr Kennedy: You can divorce yourself from it if you like, and then at least we know that research isn't acknowledged by you any longer. But the submission of your government said whether it's partial or full funding, they relied, in fact, on Supreme Court Justice McLachlin, who said it doesn't matter. You argued to the Supreme Court and the United Nations that this will be harmful to our public education system in whatever form it takes.

So I want to ask you this. You're the chief officer of publicly funded education. There is an initiative by your government that is going to bring in private school tax credits. Is it your advice to the parents, students and teachers in this province that those private school tax credits will bring no harm whatsoever, in any fashion, to publicly funded education? Is that your advice to us today?

Hon Mrs Ecker: It's not my advice; it's my job to ensure that—

Mr Kennedy: No, Madam Minister, I think it's fair to ask you your opinion.

Hon Mrs Ecker: Mr Kennedy, let me answer the question. That is not my advice; that is my job to ensure that doesn't happen.

Mr Kennedy: Minister, I'm sorry, but I asked a specific question and I believe, in respect of 2.1 million kids, that it requires your specific answer.

Hon Mrs Ecker: And I gave you one.

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Mr Kennedy: I'm relying on you as the Minister of Education with statutory responsibilities for six or seven different acts, the only person in a position functionally to do something on behalf of publicly funded kids, and you, I think have an obligation—

Hon Mrs Ecker: Yes, I do.

Mr Kennedy: —to tell us your advice, your considered advice. There are no reports you care to share. There are no reports you care to make public that can assuage any concern of the public, so they rely instead on you, Minister. We know what your job is, but you are the minister. I want to know: is it your considered advice that publicly funded education will not be harmed by this private school tax credit? Can you give us that guarantee here and today?

Hon Mrs Ecker: Mr Kennedy, both our government and myself have been very, very clear that our priority has been and will continue to be our publicly funded education system—

Mr Kennedy: That's not the same thing, with respect, Minister.

Hon Mrs Ecker: Well, let me finish—that our priority has been and will continue to be the publicly funded education system here in Ontario. It's an important building block for not only our economic prosperity and making sure that all our students have what they need to succeed, but also for our quality of life in making sure that our students have the abilities and the knowledge that they need as good citizens. So our job and my job is to continue to put a priority on the publicly funded education system, and that is indeed what I have done and will continue to do.

Mr Kennedy: With very great respect, Minister, that is not the answer to the question. Because the people out there are wondering: if there is harm to publicly funded education, how much harm will there be?

Hon Mrs Ecker: There will not be harm, Mr Kennedy. I told you that.

Mr Kennedy: So you're saying, you're guaranteeing, it is your advice to us today, that this is not harmful to publicly funded education. This is what you in your capacity as minister can tell us today, that no harm will arise to publicly funded education as a result of private school tax credits; is that correct?

Hon Mrs Ecker: Mr Kennedy, one of the things that I do as an education minister, when I assume a job as minister of the crown, is take an oath. And I take that oath very, very seriously. My job is to do what we said we would do to continue to improve the public education system, to continue to have the priority, both myself as a minister and this government, on the publicly funded education system, and to ensure that nothing is interfering with our ability to do that. That remains my commitment.

Mr Kennedy: Minister, I don't understand why you will not answer the question directly.

Hon Mrs Ecker: I believe I am answering the question.

Mr Kennedy: I asked you to answer directly. It is not the same to have a priority for public education and to say unequivocally that you believe, as the chief officer of education, that this will not harm publicly funded education. I've given you three opportunities to do that.

Hon Mrs Ecker: Why would a government that is made up of caucus members who are teachers themselves, have family members who are teachers in the public system, have children who are in the public system, why on God's green earth would they decide some night, "Let's do something to hurt public education"? I mean, Mr Kennedy, let's be serious here. Our commitment is clear. Our commitment remains. My commitment is clear and my job is very clear: to continue to improve the publicly funded education system for the students of this province, period, end of story.

Mr Kennedy: That's not period, end of story. You've let another minister create an initiative that most people in this province believe is a bad idea that harms publicly funded education and it doesn't just wash off. Why does your government do what it does is a question that I think many, many more people now are wringing their hands and shaking their head at, because it makes no sense, Minister. It's an ideological, shopworn idea that 33 US states threw away last year, and somehow you've permitted it to come into your jurisdiction right here.

Now, Minister, I want to ask you. One of the—

Hon Mrs Ecker: Well, it's doing a disservice to the many parents who not only support this but have asked this of both your party and ours and the NDP—

Mr Kennedy: Minister, you can see that neither the UN nor any of those parents—and I've asked them each time in committee, the finance committee that is considering this. I've asked them: "Do you agree with wide-open school tax credits for private schools, secular schools, for all those kinds of things?" The only place that's ever advocated it is the Fraser Institute and zealous advocates in the States that have been turned down any time people have been courageous enough to put it on the ballot or put it up for public debate.

Hon Mrs Ecker: You obviously haven't seen some of the parents who have been at those hearings, Mr Kennedy, or the many families and the many organizations who do support and have asked for that respect for parental choice. Your own party has talked about respecting parental choice—

Mr Kennedy: In the public system, Minister, make no mistake—

Hon Mrs Ecker: Just a second. Yes, I know, so on the one hand you trust parents here, but you don't trust parents there. I think that is really not doing a service to parents. You trust them here, but the Liberal Party doesn't trust them there. I don't think it's a fair approach to parents.

Mr Kennedy: With all respect, you are here to respond to the public interest as the Minister of Education. You've given us less than a sterling warranty that public education won't be affected. I want to ask you, very specifically—

Hon Mrs Ecker: Well, I think my word is worth something, Mr Kennedy.

Mr Kennedy: Minister, I want to ask you—

Hon Mrs Ecker: I know as a Liberal you may not agree with that, but on my side of the House that's worth something, Mr Kennedy.

Mr Kennedy: Well, you declined an unvarnished answer, Minister, and I wanted to put you in a position to do something about that—

The Vice-Chair: Order. Let's direct some of that discussion through the Chair.

Mr Kennedy: Minister, you have claimed here today and on at least six or eight different occasions in the House—and the Premier himself, on May 29, made the same assertion—that there are, in your words, here repeated today, \$360 million in new dollars going into education this year. This is an assertion you have made.

Hon Mrs Ecker: It's not an assertion; it's an actual—

Mr Kennedy: Minister, I'm going to ask you to have a little bit of control and let me produce a question that I'm sure you'll find fair and that you'll have an opportunity to respond to.

Hon Mrs Ecker: Well, inaccuracy does make me get a little interested in the debate, Mr Kennedy.

Mr Kennedy: I think you will find this is based on as accurate as your figures are capable of being. This is a document that you and the deputy may recognize. This is from your Web site, school board money projections, correct? This is produced by the ministry. On that Web site document, it refers to a line, and that line is called "Increased flexibility amount." I want to ask you a very simple, very straight and direct question. When you say \$360 million, are you referring to the increased flexibility amount? Is that what you mean?

Hon Mrs Ecker: School boards received money in two different ways. They received—

The Vice-Chair: Before you go on, could you tell us what document that is?

Mr Kennedy: The document is called School Board Funding Projections, 2001-02, Ministry of Education, Spring 2001.

Minister, with respect, because this time is precious, I really would like to ask you, that line, is that what you refer to as the \$360 million? When you talk about there being—

Hon Mrs Ecker: That's included in the \$360 million, because school boards receive money in several different ways, as you know. For example, one of the improvements we made this year was the remote and rural calculation. Obviously it tracks increased student enrolment. So there was indeed money that went according to those criteria, and the additional money—

Mr Kennedy: But, Minister, maybe I didn't state the question correctly, because—

Hon Mrs Ecker: Just a second. You asked for an answer and I'm giving you the answer.

Mr Kennedy: No, I asked for a yes or no answer. I don't want you to use the time otherwise.

Hon Mrs Ecker: There was an additional amount of money on top of that, a top-up, if you will, that goes out in the line called the "Flexibility grant." But all the new money that has gone to school boards this year, over \$360 million in new dollars, has gone to them as a flexible amount. So even though there is a flexible amount line that is there, that is on top of the other money that school boards are receiving this year, and all of that money they can use flexibly. We've been very clear. It's very accurate. It's in regulations. It's an audited process. So it's a very accurate reflection of what it is.

Mr Kennedy: Minister, with all respect, what your notes in this say is that that money is not additional money. It says very specifically—and I'll just refer people to page 2—"The amounts shown ... are not additional revenue available to school boards. Instead, the figures show the amount of revenue that boards can use with greater flexibility."

I want to ask you a question, because I think a very great deal depends on this. Last year you produced the same document. It's still available on your Web site and it looks like this. Last year, in this document, you included over \$200 million of phase-in payments made to the Toronto and Ottawa boards and to other boards. You included that in the regular operations. This year, you didn't include it; you made no mention of it.

Hon Mrs Ecker: That's because it's not there this year. We were very open in what we did with the phase-in payments—

Mr Kennedy: Minister, you are going to have to wait, because that's how this committee works. I will pose the question, and I just hope you'll let it be phrased so you have a chance to answer in a proper fashion. You say this year, and this year alone out of the last three years, the one-time phase-in payment, which according to the Toronto board you gave on March 31, 2000, doesn't count any more. I want you to consider carefully—

Hon Mrs Ecker: It's a one-time payment, Mr Kennedy.

Mr Kennedy: I want you to consider the answer to this. That payment was for the operating expenses of the boards that received it.

Hon Mrs Ecker: No.

Mr Kennedy: That payment was against the cuts that you made. It's the phase-in dollars that—the year before you said those phase-in dollars were counted. Right here, for the provincial total, you say "Phase-in funding" and there is an amount. Then suddenly this year, phase-in funding is zero for last year. The effect this has is to deflate the amount of spending last year by \$300 million, especially when it's included with what you call the supplementary heating amount. Those heating costs exist this year too.

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Minister, these are not audited figures by the Provincial Auditor. I want to ask you: will you agree today that we send these figures, your two different sets of figures—what appear to be a doctored set of figures, changed year to year—to the Provincial Auditor's office

while this committee is still sitting and ask for these to be stated in a fair manner? It basically understates spending by \$300 million and has the effect of misleading the public, because it creates the impression that more money is available this year than there really is. I want to ask you, rather than sit here and throw figures back and forth, will you agree that these figures go to the Provincial Auditor and that he look at them and be allowed to say which way they can be stated so they will agree? Will you make that agreement today?

Hon Mrs Ecker: First of all, the reason we report one-time funding as one-time funding is because it would be misleading and doctoring to report it as anything else. It was a one-time payment in 1999-2000 and it was reported that way. It was part of the overall mitigation monies that were available for several school boards that were asked to make significant restructuring activities. It was money that was to be given over a particular time period and to end at a particular time period, and it was designed for specific additional—

Mr Kennedy: Minister—

Hon Mrs Ecker: Mr Chair, this member has just accused this government of doctoring documents, misleading documents. I would like—

Mr Kennedy: And I have asked you a direct question, Minister. Your obfuscation in this committee—

Hon Mrs Ecker: —more courtesy to at least put an accurate answer on the record in light of these absolutely outrageous allegations. These are audited statements, Mr Chair. How dare he question the auditor.

Mr Kennedy: Minister, I want an answer rather than running the clock, which is what she's doing.

The Vice-Chair: May I have some order, please. Mr Kennedy, please.

Mr Kennedy: A very direct question was asked, and I would ask your assistance in obtaining an answer from the minister, because the minister is avoiding an answer.

Hon Mrs Ecker: No, I'm not, Mr Chair. We've put the answer out here. In 1999-2000—

Mr Kennedy: The Provincial Auditor is—

The Vice-Chair: Order.

Hon Mrs Ecker: —there was a one-time payment to the Toronto board.

The Vice-Chair: Order, Madam Minister.

Hon Mrs Ecker: It was reported publicly. It was one-time. It is not there now.

The Vice-Chair: Order.

Mrs Ecker: It is very clear. It is very public.

The Vice-Chair: May I have some order, please. If we don't, we may have to recess. Could we have some order, please.

Hon Mrs Ecker: Certainly, Mr Chair.

The Vice-Chair: I thought when I got the job as Vice-Chair, it was one of the easiest jobs. Don't make it difficult for me. Mr Kennedy has 30 minutes in which to do it any way he wants. If he doesn't want the answer and if he doesn't like your answer, that's up to him. But the outbursts—

Hon Mrs Ecker: But I don't think the public need inaccurate information.

Mr Kennedy: Minister, you will have 30 minutes at the end to say whatever it is that you like. You have agreed and I—

The Vice-Chair: Mr Kennedy—

Mr Kennedy: OK, I'm just trying to—

The Vice-Chair: Also, Mr Kennedy, your language is kind of bordering in a way that I may have to call you on it, but could we just proceed. I hear "misleading" and whatever you've been throwing around a bit. Could we just be calm?

Mr Kennedy: I'm very happy to be perfectly calm and to put it to the minister again. With all respect, Minister, I think it at least is a proposal that is non-threatening. If what you say has validity, it can be made valid by someone else looking at this. These books are not covered by the Provincial Auditor currently. You have used them for statements that the public relies upon. There has been a change in the bookkeeping. You've given some justification. You can give further justification in the 30 minutes that you have or any other time that you have through these committee hearings. But I'm asking you, would you, as minister, agree that an independent authority, the Provincial Auditor, look at this and provide to us his opinion about what is a fair statement of a comparison between the funding made, operationally and in capital, to the school boards and through the school boards in the last two years? I'm wondering if you would agree to that in order that we might have your full co-operation.

Hon Mrs Ecker: Mr Kennedy, as you well know, the public auditor is free, as an independent organization, to look at any particular ministry's spending. He does look at ministry spending on a regular basis, and these figures, these year-over-year numbers, we've put them out in a clear, transparent fashion. We could do what previous governments have done and add in other things to make funding look bigger, things that are not classroom spending. We could do that; we choose not to do that. This was very clearly part of mitigation money, one-time money that we said we would put out—

Mr Kennedy: Minister, I'm sorry, I'm going to interrupt because, again, you are misusing the time that I have.

Hon Mrs Ecker: —and it's done according to the accounting rules that the auditor puts forward.

Mr Kennedy: No, Minister, we have checked with the Provincial Auditor and this is not subject to—

Hon Mrs Ecker: I'd be quite happy to have individuals here from the officials who could go through this.

Mr Kennedy: OK, so you're happy to do that. So we will submit this to the auditor and he'll have your co-operation.

Hon Mrs Ecker: No, that's not what I said, Mr Kennedy. I said that we have staff here who are quite prepared to go through these numbers. These numbers are freely available for the auditor, as they always have been and will remain.

Mr Kennedy: Minister, I'm sorry, I'm going to proceed and take this to the Provincial Auditor. I'm sorry, and sad in a way, that you're afraid of his scrutiny in this regard.

Hon Mrs Ecker: Mr Kennedy, no one is afraid of the Provincial Auditor. We are a government that has actually had the Provincial Auditor look at many things.

Mr Kennedy: Minister, I'm going to raise other questions—

Hon Mrs Ecker: We are a government that has actually had the Provincial Auditor look at many things.

Mr Kennedy: —and I'm going to ask for your more fulsome co-operation.

Hon Mrs Ecker: That is his job and everyone is fully co-operative with the Provincial Auditor and will continue to be so. So I think your allegation is inaccurate yet again.

Mr Kennedy: Minister, then I will ask you, with your multitude of staff resources, will you put on paper, will you reconcile for us then, will you show us some backup information any place that says you've increased funding by \$360 million? Is there any place that we could find \$360-million increases coming from this government? Because it's not in the estimate today, for example? Where is that to be found?

Hon Mrs Ecker: Mr Kennedy, if you've looked at the Web site, I'm surprised you haven't found it. We can have staff here go through the numbers for you. They'd be quite happy to do so. Mr Peter Gooch, who is one of the directors—

Mr Kennedy: Could we, for the purposes of this committee—

Hon Mrs Ecker: You don't want to hear it from the staff now? You've asked the question and now you don't want to hear it?

Mr Kennedy: No, Minister, here's what I would like and I'll restate it again.

Hon Mrs Ecker: He asked the question and doesn't want the information.

Mr Kennedy: As it travelled the distance across the bench something got lost in the translation. I'd ask you to direct your staff, or to request your staff, to provide in writing something on paper that shows that there is a \$360-million real increase in spending by school boards this year, as you said, new money by school boards this year as compared to last year. Would your staff provide that to the committee?

Hon Mrs Ecker: Certainly we can. It's publicly available information. We don't mind duplicating it for your research department.

Mr Kennedy: Minister, I want to move on and I want to ask you further about the estimates we have in front of us today. These are information requests, and if you wish to avoid them it will become, I guess, part of that particular track record.

Minister, you state in the estimates a certain amount of money. This is your share of money going to the school boards. We have produced a research document in the past showing that a significant amount of these dollars

has actually been dollars that don't bring new benefit. I want to ask you very specifically again, how much money that you purport to be giving out to school boards this year is actually the result of, for example, changes in property tax revenue, how much of it is restated capital?

One of the things is that people have to be able to compare apples and apples, and you changed the policy where you used to have capital funds and now you count that as operating.

Hon Mrs Ecker: No, that's not accurate.

Mr Kennedy: I would refer you to page 31 where you actually say—and your previous estimates have actually stated what I just said—but on page 31 it says \$189.9 million is capital debt servicing, and yet it shows up in the operating expenses of the ministry, and that's because of the change that you've made.

I'm wondering if you could tell us, if there is a succinct answer available today, or whether that is an answer that could be committed to writing and provided by your staff, how much of the total funding that is coming from your ministry this year is actually capital funds, that used to be stated as capital funds but are now included in operating? What would that amount be this year?

The Vice-Chair: You've got two more minutes of the time.

Hon Mrs Ecker: First of all, Mr Kennedy, we'd be quite happy to have staff answer that question, because as you well know if you've been through the briefings, the capital for new school construction, for example, school maintenance, all of that stuff comes under the grants that go out, for example, new pupil places—

Mr Kennedy: Minister, I'm going to interrupt you because again I've asked a question and if you're not going to answer the question—

Hon Mrs Ecker: We can have staff go through that in detail for you.

Mr Kennedy: I'm asking for the answer to the question. Can a figure be identified today that is the operating dollars that used to be registered as capital dollars, so we can have some better, fairer explanation? Is that available today? If it isn't, could we have it in writing?

Hon Mrs Ecker: Just a second, Mr Kennedy. The premise or your question is inaccurate. We'd be quite happy to have staff, either in writing or here today—

Mr Kennedy: Well, it's not—

Hon Mrs Ecker: Let me finish the answer, sir.

Mr Kennedy: Madam Minister, I'm just going to report—

Hon Mrs Ecker: You've asked a question. We would be quite happy, either in writing or with staff here, to go through in detail how the money is allocated to the boards—

Mr Kennedy: Minister, I don't need your condescension and I sure don't need your misinterpretation.

Hon Mrs Ecker: —for capital for operating, and now—

Mr Kennedy: Minister, I've asked the question very directly—

Hon Mrs Ecker: Mr Chair, I despair—

Mr Kennedy: I've asked the question very directly and the answer is either yes, you can, or no, you can't extend the courtesy to this committee. Will you provide—

Hon Mrs Ecker: I gave you an answer. You were so busy interrupting me. This is mad. I'm sorry, Gerard, but I gave you the answer.

Mr Kennedy: Your capital fund is \$50 million this year. What you've done is you've taken all the spending—it was \$900 million five years ago—and you've stuffed it into operating.

Hon Mrs Ecker: No, that's not accurate, Mr Kennedy.

Mr Kennedy: Now, Minister, you have an obligation when you show up here today to either know that figure or provide that figure.

Hon Mrs Ecker: I told you we were quite prepared—

Mr Kennedy: Minister, can I refer you to page 61?

Hon Mrs Ecker: Mr Kennedy, we were quite prepared to provide you detailed information, in writing or through staff here who are sitting here with briefing books ready to answer your questions. If you want to make a political point without the information, you can do that, but we are here. So to imply that somehow or other—

Mr Kennedy: Minister, you're still running out the clock.

Hon Mrs Ecker: —we are not prepared to give you an answer, again, with all due respect, is not accurate.

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Mr Kennedy: The other thing I want to ask you for is for the implication for property tax revenue changes. Over the last couple of years—last year's estimates make plain that every time property tax revenues go up, your share of funding of education goes down. In fact, every time you've so called cut property taxes, it looks as if you're increasing your share of education funding.

Minister, I'm going to ask you, and I'm not going to do anything but put the question because the public needs to know that part of the increased funding that you claim is actually money to pay for reductions in property taxes and none of it goes to the schools. I'm wondering—

Hon Mrs Ecker: No, that's not right. That's not right, Mr Chair. It's just wrong.

Mr Kennedy: Now, Minister, I've going to ask you—

The Vice-Chair: Time is up.

Hon Mrs Ecker: Mr Chair, with your indulgence, I would like to ask Peter Gooch to go through this for the committee, because I really think that this kind of misinformation should not go—

Mr Kennedy: Minister, can you use your time, if you believe in accuracy to—

The Vice-Chair: Order.

Hon Mrs Ecker: —unchallenged on the record.

Mr Kennedy: Let's see if it shows up in your time.

The Vice-Chair: I think we'll give you adequate time for the ADM to do that at another time.

It's now Mr Hampton's time for 30 minutes.

Mr Howard Hampton (Kenora-Rainy River): Minister, I want to take you back to your initial comments. You indicated that new school construction is based on long-term enrolment forecasts; is that correct?

Hon Mrs Ecker: Yes. One of the changes in the funding formula is to have longer-term plans and forecasting so that both the school boards and the ministry can meet communities' needs better. That's why we've been able to have more school construction.

Mr Hampton: Do you have those enrolment forecasts?

Hon Mrs Ecker: Yes.

Mr Hampton: Would you make those enrolment forecasts available to members of the committee?

Hon Mrs Ecker: Certainly.

Mr Hampton: Do you know what the enrolment increase or decrease has been over the last six years?

Hon Mrs Ecker: I'm sure the officials could have the answer in writing for you, or go through it verbally now, if you'd like.

Mr Hampton: I took a look at the information that we have available, and the indication is that enrolment has increased by 4.1%. Would you agree with that figure roughly?

Hon Mrs Ecker: I'm certainly prepared to have staff deal with it. They're just looking up the actual percentage figure.

Mr Hampton: I took your ministry documents and went through them. So there's been a 4.1% increase in enrolment. Has that 4.1% increase in enrolment been reflected in increases in the funding formula?

Hon Mrs Ecker: If you are comparing apples to apples, yes.

Mr Hampton: Could you tell me what you mean by "apples to apples"?

Hon Mrs Ecker: The funding formula is designed to respond to enrolment changes. So if we are comparing where we started with the funding formula, where we are in enrolment and where we are now, the amount in the formula is driven by enrolment data. That's one of the changes we've made.

Mr Hampton: So if there's an increase in enrolment, there should be an increase in the funding made available.

Hon Mrs Ecker: Yes. There are also other factors that we do—

Mr Hampton: I'm aware of those.

Hon Mrs Ecker:—above and beyond enrolment, but enrolment is one of the significant factors.

Mr Hampton: Would you agree that inflation should be taken into account when calculating education funding, as well?

Hon Mrs Ecker: As you know, Mr Hampton, there are many kinds of government funding that we do for many sectors that there are not inflation factors built into. Whether it's health, whether it's education, whether it's

any other funding that we do as a government, inflation factors are not a factor.

Mr Hampton: Does your ministry or does the government have records of inflation, or statistics which indicate an inflation factor for the public education system?

Hon Mrs Ecker: We don't track inflation as a factor. What we do recognize in the way we fund, we quite recognize there have been increases in certain costs, for example, fuel and heating costs. We had money last year, one-time funding for this last year. We had one-time funding again this year for money directed to that, to recognize those one-time costs. So while there's not an inflation factor built in, we do recognize the increases and decreases in certain costs.

Mr Hampton: Would you agree, though, that if we're going to continue to provide our children with the funding they require for education purposes, the funding formula would have to take account of inflation? Otherwise, for instance, if the inflation factor is, say, 2% or 2.5% a year and you don't take account of that, what that means then is you're in effect, year over year, starting to cut the amount that is available per student. You're actually starting to cut the amount of money that's available through the funding formula.

Would you agree with me, you have to take some account of inflation, otherwise the result is you're in effect cutting education funding?

Hon Mrs Ecker: One of the things we have always reported—and one of the things I've taken care to report—is actual dollar figures. The funding formula is designed to reflect increased costs in a number of areas. Whether the government should look at building in an actual inflation factor in future is certainly a recommendation that can be made, because we do look—every year we have changed how we fund, to improve it. As we get better data from boards and stuff, we will continue to do that. But there is no inflation factor per se in this or any other.

The other thing, too, is that the way money was being spent in the education system has also changed, so that there is more in the classroom than there was in administration before—for example, fewer school boards. The increase in classroom spending—the way we created the formula was to decrease administration and increase classroom. That indeed has happened even though, in addition, the money overall has increased as well, so not only more dollars but in classroom and over enrolment. We've always been very clear in terms of what we mean when we talk about the dollars.

Mr Hampton: The consumer price index for Ontario indicates that since 1995 there has been an overall inflation factor of 15%. That means that what cost \$100 in 1995 now costs \$115. If your funding formula has not kept pace with that inflation factor, in effect, in real dollars, students are receiving less funding today than they were in 1995. Would you agree with that?

Hon Mrs Ecker: No, I wouldn't necessarily agree with that.

Mr Hampton: Inflation is fairly widely understood, and what it means is if you're not accounting for inflation it means you are in fact cutting the budget. You've just told us there is no inflation factor in the funding formula, that you don't track inflation—

Hon Mrs Ecker: But we do track increased costs in areas, and that has been some of the work we're doing. For example, school boards simply didn't have the right data to track increases in transportation costs. That's some of the work we're doing, so we can better reflect some of their transportation costs. Again, I hasten to add that's not a criticism of boards by any stretch of the imagination. That's just the state of data that both the ministry and the board had. I don't think it's fair to automatically apply inflation factors that may or may not apply to certain categories of the funding formula.

Mr Hampton: When we talk with people at Statistics Canada, they tell us the StatsCan figure of 15% inflation factor since 1995 is probably greater for schools, because schools have these things—electricity costs, heating costs—and those numbers have risen faster than other statistics that are considered in the overall inflation figure. So they're saying a 15% inflation factor would be a minimum for the school system, and because of the big factor of heating and electricity costs, it's probably much more than that.

My point is, I heard you say earlier that you don't finance education with an inflation factor in mind, doesn't that mean, in effect, you're cutting under the funding formula, because the dollars you're spending today aren't worth as much as the dollars that were invested in 1995? What's your response?

Hon Mrs Ecker: First of all, there is no general inflation factor, but we do observe or respect or fund increased costs. For example, we gave school boards additional monies last year for transportation costs that they had—

Mr Hampton: Minister, I accept that. My point is—

Hon Mrs Ecker: I said there is no general inflation factor, and I appreciate there may be a disagreement about whether that should or should not be there. But we have said very clearly that we talk about actual spending, actual dollars, and we will continue to do that in terms of the spending that's there. But again, in 1995 we said before we were elected that one of the important things was for school boards to find administrative efficiencies so we could have more money flowing to classrooms. Many of them have. For example, we've had school boards put together transportation consortia, if you will. They've pooled their busing and have had significant savings which they can invest. So—

Mr Hampton: The same boards will tell you that with the increases in the cost of diesel and gasoline, busing costs have gone up anyway. But my point is this: if you factor in the enrolment increase, which your ministry acknowledges is 4.1%, and if you factor in a 15% inflation factor and then simply apply the numbers in your funding formula—and we can get them from any

board—the reality is that in real dollars there is \$2.3 billion less in the public education system today than was the case in 1995.

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Hon Mrs Ecker: No, I wouldn't agree with that figure, because again it's comparing apples with oranges. For example, it starts with an inflated base. It also makes assumptions about inflation on certain costs that school boards would not necessarily be experiencing. We quite recognize that there are differences in costs. For example, around teacher compensation, the grants to school boards reflect that some boards have higher costs for teachers than other boards as older teachers retire at the top of the grid and younger teachers come in at a lower salary level. All those cost factors are recognized in the formula. I agree there is not a general inflation factor, but I would not agree with the figure you've put forward. I don't believe that's accurate.

Mr Hampton: Minister, the fact remains—and StatsCan establishes this for us—that there's been a 15% inflation factor since 1995 and a 4.1% enrolment growth. If you take those two factors and apply them to the funding formula, students in Ontario are receiving \$2.3 billion less in real dollars of education funding now as compared to 1995. All you have to do is do the multiplication.

Hon Mrs Ecker: Well, no. As I said, with all respect, the particular report you're referring to starts from a premise about where education spending was in the first place, because it has an inflated base that it starts from. I appreciate the point you're trying to make, but that is why one of the things we have done is to be very clear about how boards are funded, to be very transparent and talk about actual dollars spent and that they're more than enrolment and to be very clear about that.

Mr Hampton: Just to be clear, the figures are the figures your ministry provided to the standing committee on finance and economic affairs in February 2000. All the figures that were used were in fact provided by your ministry: the figures on enrolment growth and the figures on actual spending, actual investment in boards of education in the years in question.

But I want to turn to another issue. Minister, last year—

Hon Mrs Ecker: Mr Hampton, can I just say one thing? When you go back, it's possible to add in other expenditures by taxpayers, for example, for the teacher pension plan and many other things. You can add them into education if you wish. We have not done that, because I don't believe that's a fair way to do it. That's why, when we talk about the numbers we're putting out, we're talking about funding that is going to school boards for delivery of education in our schools.

Mr Hampton: I'm just telling you that the numbers that were used in this study are the very numbers that were provided by your Ministry of Education, and you took them before a committee of this Legislature. If you now want to say those numbers, as provided by your ministry, are inaccurate, then that will make an interesting subject for further research.

Hon Mrs Ecker: No, that's not what I said. What I said is that in the particular study you're referring to, what they have done is compare apples with oranges. We could have staff, at some point, walk through that if you'd like.

Mr Hampton: Minister, last year you argued, "We've been very clear that our goal is a good-quality public education, and the estimates of \$300 million needed to fund religious schools would be \$300 million that would come out of the public school system." Do you now disagree with your own statement?

Hon Mrs Ecker: We are not taking money out of the public education system. I would not support that. That is not the intention of the government.

Mr Hampton: At the time you were very clear that it would be money that would be coming out of the public education system. Have you now changed your opinion?

Hon Mrs Ecker: No, we are not taking money out of the public education system. I've been very consistent on that, because I don't think, as I said then and say now, that would be appropriate, that would be wrong. We need more money in the public education system, so any other initiatives will not be financed by taking money away from public education.

Mr Hampton: So the statement you made then was wrong?

Hon Mrs Ecker: No, I said I did not want to take money out of the public education system to finance independent schools, and indeed we are not going to do that.

Mr Hampton: It just seems to me that you were quite definitive then. You've been very clear that our goal is a good-quality public education system, and the estimates of \$300 million needed to fund religious schools would be \$300 million that would come out of the public school system. You're now saying it hasn't come out of the public school system. I'm saying that statement you made then must have been wrong.

Hon Mrs Ecker: No, we are not going to be taking money from the public education system to do, five years from now—sorry, five years from now is the total amount. We are not going to be taking money from the public education system to support parental choice with a tax credit. I would not support that; I don't think my caucus would support that.

Mr Hampton: People who look at these questions can decide whether you were wrong then and don't want to admit it. But I want to move on: would you agree that extending funding to private schools through a tax credit is a major shift in government policy?

Hon Mrs Ecker: It's certainly a difference in government policy. Whether or not it's a major shift, I think, would depend on the observer.

Mr Hampton: Since it is a major shift in government policy, would you agree that the government should provide some research, some analysis, to justify major shifts in government policy? Don't you think that would be a good idea?

Hon Mrs Ecker: We've been very clear that we've looked at the experience in other jurisdictions. This is something that is out for proposals for consideration for the Legislature. The finance minister has also been very clear that there will be further work done to decide some of the policies around the implementation, around the regulations of putting this in place.

Mr Hampton: Again, what's the specific research that supports this, as you say, major shift in government policy?

Hon Mrs Ecker: I didn't say it was a major shift, Mr Hampton. Those were your words.

Mr Hampton: I think you said it's certainly a shift. So it's certainly a shift.

Hon Mrs Ecker: I said it's a difference in government policy.

Mr Hampton: OK.

Hon Mrs Ecker: What the government did in proposing this budget initiative was look at what parents who supported this and had advocated for this had brought forward. As I said, that information is certainly something they had lobbied all of us—all parties—on; but, secondly, also the experience of other jurisdictions.

Mr Hampton: Could you tell us which other jurisdictions?

Hon Mrs Ecker: My understanding is that six other provinces fund independent schools in different ways, at different levels, in their particular jurisdictions. We'd be quite prepared to provide further information around that.

But I think there's something else that's very important here: the government, in making this proposal, is not a passive observer of how it is implemented. So one of the other commitments that accompanies this proposal is the commitment to continue to have the public education system as a priority, to continue to put new dollars into the public education system. I believe that is a very important commitment as well.

Mr Hampton: Minister, in 1984 the Conservative government, which I understand you were a staffer for at that time, commissioned a study on education called the Shapiro report. In the concluding chapter, Mr Shapiro said, "In considering what, if any, changes would be appropriate for Ontario at the present time, one cannot look to other jurisdictions and/or the available research results for easy guidance. With regard to other jurisdictions, their experience is always conditioned by their special social and cultural history. Therefore, extrapolation of Ontario, even from other Canadian provinces, can never be either simple or straightforward." This was a report commissioned by the then Conservative government saying, "You really ought to do some research in your own jurisdiction." So I ask you again, what research have you done in your own jurisdiction?

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Hon Mrs Ecker: I agree that other jurisdictions are very different from Ontario. That's why we're not doing it the way other jurisdictions are choosing to financially support independent schools. But we had many, many parents who came forward to this government who said

they felt this was an appropriate step for the government to take. The government agrees with that and so has put this forward as a proposal and is in the process of hearing and listening to how best to implement it.

Mr Hampton: You said earlier that your government does enrolment forecasts. Have you done studies of enrolment forecasts, should a number of parents take up the private school tax credit and move their children to private schools?

Hon Mrs Ecker: The enrolment forecasts are based on a number of things—population, demographics, economic circumstances—that go into that. But one of the other things we have been very clear about is that we are going to continue to fund the public education system above enrolment, because enrolment, while a factor, is not the only factor in how we should be putting money forward for our school boards. We've put in additional monies in a whole range of areas where we think our priority is above and beyond enrolment. I think we as a government need to continue to do that.

Mr Hampton: My question was very specific: since you do enrolment forecast studies, have you done an enrolment forecast study that looks at the impact of parents taking up the private school tax credit and moving their children to private schools?

Hon Mrs Ecker: No. What we looked at was the information that was brought forward from parents and groups advocating on their behalf and the experience in other jurisdictions.

Mr Hampton: You mean your government has introduced what you yourself call a difference in policy, what I would call a major shift in educational policy, and yet you did no study of the enrolment forecast or the enrolment impact on the public education system?

Hon Mrs Ecker: Again, Mr Hampton, the government has said very clearly that it is going to continue to make investments in the public education system, and we've also been very clear that it is not our intent nor our desire to have negative consequences happening with the public education system. So that must almost be a commitment that is observed when you judge what happens with the tax credit. Again, parents will be making choices.

But the other thing too, Mr Hampton, is that the goal with the public education system is to continue to take steps to make it better, to make it good, to make it a system that, why would parents wish to spend additional money to go somewhere else when their public school is giving their children a good-quality education? That continues to be our priority.

Mr Hampton: But you admitted earlier that your education funding formula doesn't factor in inflation, and inflation, on the Ontario consumer price index, has run at 15% or more over the last six years. So \$100 spent in 1995 is not even worth \$85 today in terms of the education funding formula.

Hon Mrs Ecker: Mr Hampton, as you well know, government expenditures, government funding under your government, under previous governments, under our

government, is not built on a general inflation factor, and neither are people's salaries or household budgets. We all, whether it's our household budget, whether it's an organization, whether it's a government, a ministry, a leader's office, have to set priorities. We all have to make sure the dollars we have are going to those priorities. Our government has made and continues to observe that commitment about increasing funding for public education, and we will continue to do that.

Mr Hampton: This is incredible. Your government doesn't look at inflation and the effect that would have on education funding—

Hon Mrs Ecker: No, that's not quite what I said, Mr Hampton.

Mr Hampton: —and you introduced a major private school tax credit without any analysis of what effect that would have on public school enrolment.

Hon Mrs Ecker: No, that's not—you asked if we had done enrolment projections based on that particular policy. I said no. But we had done work in terms of the information brought forward from groups advocating for parents and, secondly, the experience in other jurisdictions that had shown there was not an exodus of students who had gone from the public—

Mr Hampton: Would you share that information with the committee, please?

Hon Mrs Ecker: We've already covered this with Mr Kennedy, and those data can be made available.

Mr Hampton: I just want to be sure.

Hon Mrs Ecker: The finance minister has also used those data in the Legislature in answering your questions as well.

Mr Hampton: I just want to be clear. You haven't gone out there and actually done surveys or analyses to see what would be the impact on public school enrolment should parents start to take up the private school tax credit. You haven't done that analysis.

Hon Mrs Ecker: There has not been a specific study, but again, the government is not a passive observer in this, because one of the priorities here is to ensure that the public education system remains a funding and a policy priority for this government regardless of whether parents choose to educate their children in independent schools.

Mr Hampton: Lang Research is someone out there that does this kind of research and they actually commissioned a study this spring. They asked a large representative sample of parents in Ontario what they would do in terms of sending their children to public schools or private schools should a \$3,500-per-year tax credit become available for private schools. They indicated that 15% of parents would seriously consider taking their children out of public schools and sending them to private schools. Do you have anything to refute that figure?

Hon Mrs Ecker: I think, Mr Hampton, asking someone a virtual reality question, asking the parents if they would consider it and the parents saying they would consider it, is very different—

Mr Hampton: Would seriously consider it.

Hon Mrs Ecker: All right, seriously consider it—

Mr Hampton: In other words, they would think about it.

Hon Mrs Ecker: —is very different from whether parents actually take that step.

In addition, if the government were to sit back passively then you might be able to make your argument, but we will not do that. Our priority will remain the public education system. That is our major funding priority and we want to make sure that nothing is going to interfere with our ability to deliver on that particular commitment.

Mr Hampton: I just want to be clear. You don't have any studies that would tend to challenge or refute that research done by Lang Research which indicates that 15% of parents who have their children in the public school system would now seriously consider taking them into the private system should the tax credit become available.

Hon Mrs Ecker: I'm sure we can get into competing polls and opinion research.

Mr Hampton: I'm just asking you if you've got anything—anything.

Hon Mrs Ecker: We have not done a specific poll to refute Lang.

Mr Hampton: Minister, I've spent a lot of time talking with different boards of education. One of the boards I'm responsible for in terms of being in my constituency lost 200 students. They tell me that as a result of losing 200 students, their funding went down by \$1.4 million a year. They said that works out to roughly about \$7,000 per student. Another of the boards that I am close to indicated they lost 700 students and their funding went down by about \$4.6 million, again close to \$7,000 per student. Both of the directors of education said to me, "Look, this is how the funding formula works: If you lose, in general, 700 students, you will lose 700 times approximately \$7,000 per student; if you gain 700 students, you will have added to your education funding formula 700 by approximately \$7,000 and you'll gain \$4.6 million."

Minister, if Lang Research is right—and they're the only people out there who have done any survey work—and 15% of parents who now have their children in the public school system take your enticement, your incentive to move their children to a private school system, we understand that works out to about 330,000 students and to more than \$2 billion that would leave the publicly funded education system. Do you have something to refute those calculations?

Hon Mrs Ecker: First of all, some of those same boards you're talking about received money over and above their enrolment.

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Mr Hampton: They admit that.

Hon Mrs Ecker: All right, but if you're going to make the argument, you can't do it in isolation of government funding additional monies to boards above enrol-

ment. For example, the Rainy River board had a decrease in enrolment and had an increase in funding above that decrease. That is an important priority. So we are not proposing to allow—

Mr Hampton: They agree with you. They're saying it's \$7,000. You may factor it down to \$6,600, depending on special circumstances, and it may factor up \$7,200, depending on special circumstances, but if you're going to remove 333,000 students from the public education system, if you want to get a rough estimate, multiply by \$7,000 and it tells you how much money will leave the public education system.

You say you haven't done any studies to refute the 15% number. Do you have another formula you can give us to refute the \$2-billion number? Is there another formula you can give us? Because the boards we've talked to are very clear. Here's how the formula works: when you withdraw this many students, multiply by approximately \$7,000 and it will tell you what you lose; if you add this many students and multiply by approximately \$7,000 per student, this is what you gain. Do you have another formula you could present to the public which would refute those numbers?

The Vice-Chair: Madam Minister, you can take the 30 minutes response time which you have now and respond to all of those questions. You've got 30 minutes for response.

Hon Mrs Ecker: First of all, I'll answer Mr Hampton's question and then I think some of our officials might well wish to go through how the grant is calculated to answer some of Mr Kennedy's earlier questions.

Mr Hampton, you can use figures to play "what if." If you do this and if you do that—

Mr Hampton: I'm just asking you if you've got any more figures. If you have, I'd like to—

Hon Mrs Ecker: What I think is very important to recognize here is that we continue to fund our school system above enrolment, that we will continue do that. But the other thing that I think is important—

Mr Hampton: But not factoring in inflation.

Hon Mrs Ecker: I think it's also important that this was designed to reflect actual costs that school boards have, and that also is an important priority for this. So I don't think—

Mr Hampton: But you don't factor in inflation.

Hon Mrs Ecker: We do factor in increased costs. There is not a general inflation factor. I think that's a very different statement than what you were saying, Mr Hampton.

Mr Hampton: But if you're not factoring in inflation, it's not real dollars.

Hon Mrs Ecker: They are real dollars. I know in the NDP lexicon they may not be real dollars, but they are real dollars, year over year, actual spending, actual dollars, the same as it is for you and I in our household budgets or for anyone else.

Mr Hampton: But you don't recognize the cost of inflation so that can't be real dollars.

Hon Mrs Ecker: We will continue to be funding above and beyond enrolment growth. We will continue to have a formula that responds to increased costs.

Now, Mr Chair, I would like to have Mr Peter Gooch walk through some of the questions that have been posed about funding.

The Vice-Chair: Could you state your name and your title?

Hon Mrs Ecker: Sorry, this is Mr Drew Nameth.

Mr Drew Nameth: My name is Drew Nameth. I'm the director of the business services branch, Ministry of Education. I'd be happy to describe for you how the funding-per-pupil accommodation is calculated.

There are four components to the funding-per-pupil accommodation: a grant for school operation, which provides for the cost of heating, lighting, cleaning and general routine maintenance associated with the operation of the schools; a grant for school renewal, which provides for the repair and renovation of existing schools in the province; a grant for new pupil places, which provides for the construction of new school facilities, which may be new schools or additions to existing schools; and the fourth component is a grant to cover off the servicing costs associated with capital debt that had been incurred by boards prior to the introduction of the new funding model.

All boards in the province receive grants for school operation. They are allocated on a formula basis, a per pupil amount: the number of students in the board multiplied by a benchmark area requirement, which was determined by an expert panel established in 1997 to make recommendations on the funding model, multiplied by a supplementary school area factor which was introduced in late 1998 to reflect the fact that some schools have larger space than normal, so to speak. They have wide hallways, they were built with auditoria, a large number of shops, so that their area per pupil place is larger than the average. It is a factor to take that into account, an amount to reflect the median cost to heat, light and clean individual schools. The total grant for school operation in 2001-02 is estimated to be \$1.383 billion.

A grant for school renewal is also provided to every school board in the province. It also is allocated on a per pupil basis. It uses the same benchmark area requirement and supplementary area factor. There is a benchmark renewal amount provided per board. That amount varies from board to board reflecting the age distribution of the schools in the board. There's a proportion for schools that are under 20 years of age and an allocation to reflect the proportion over 20 years of age. The 20-year figure is a fairly well-recognized breakpoint in the life-cycle costing of school facilities.

The grant for new pupil places is not provided to every school board in the province but rather is provided generally only to school boards whose total elementary school enrolment exceeds the capacity of their elementary schools and/or whose secondary school enrolment in total exceeds the capacity of their secondary schools. The

capacity figures were determined on the basis of data submitted by school boards in 1998. They are determined on a consistent basis across the province based on recommendations made by a pupil accommodation review committee, which is a group of ministry and board people from across the province. These board staff have a number of portfolios, from business responsibilities, plant responsibilities and academic responsibilities, for both elementary and secondary schools.

For those boards whose enrolment exceeds capacity of their schools, the difference is calculated. That amount is multiplied by the benchmark area requirement per pupil and a benchmark construction cost per square foot which reflects the cost to design, build, furnish and equip new school facilities, amortized over a 25-year period. Since the model was introduced, this formula has been very successful, resulting in a large number of school facilities being built. By September 1 of this year, there will be 256 new school projects, new schools or additions to existing schools built, with space for over 106,000 pupils in new school facilities; very well received by the school boards, very well received by the financial community, which has provided the resources to the school boards to finance this construction. That financing would be paid by the school boards using their grants for new pupil places over a multi-year period.

The model also has built into it a very comprehensive accountability framework. The ministry is not involved in any way in the determination of which schools are built or when they are built. That's a board responsibility. The accountability framework, however, is put in place to ensure appropriate accountability for taxpayers' dollars. Boards are required to prepare at least once every five years a long-term capital plan where they would look at their accommodation needs, comparing current and projected enrolments with the capacity of their schools, to identify areas of need, develop strategies to address those needs and areas where there may be surplus school facilities, and to address and develop strategies to deal with those situations where there is surplus space.

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Other reports that boards are required to submit are standard traditional accountability framework reports: the dollars that are being spent on school renewal; which schools are benefiting; the types of projects that are being undertaken so that we can monitor what is happening in the system; detailed information on the new school construction projects that are undertaken in the province; the size of those projects; the cost of those schools; and the financing costs associated with those construction projects, so we can monitor the parameters we use in the funding model over time. We also ask for boards to provide to us detailed school condition reports, which are a building professional's assessment of the major repair requirements within each and every one of the 5,000 or so schools in the province.

This past fall, we also implemented a survey of school facilities which collects information from each of the five user groups within a school: the principal, teaching staff,

non-teaching staff, school councils representing parents, and the students on their perception of the cleanliness, condition, accessibility, comfort and security within each school. This information is compiled in a very detailed Web-based inventory system. School boards use that information to assess their situation with other schools across the province. To date we've been very successful in the implementation of this accountability framework and will be rolling out information over the next several months.

Hon Mrs Ecker: Thank you very much, Mr Nameth. I'd now like to ask Mr Gooch to deal with some of the other formula questions we were asked.

Mr Peter Gooch: The question concerns Mr Kennedy's observations about our projections of school board funding that were published in mid-May. Mr Kennedy referred to our multi-year picture that shows board expenditures in 1997 and our ongoing four-year—actually five-year—layout of the funding. The issue that Mr Kennedy asked was why we showed a certain significant payment made to school boards as one-time funding versus ongoing funding. The issue is how to compare on a reasonable basis, year over year, how much funding is available for public education in Ontario.

The first thing to observe is that we have to make a key distinction. In our public reporting, the projections we publish on our Web site and for school boards, the ministry tries to make a very consistent and clean distinction between funding that's provided to boards as part of the ongoing foundation or formulaic approach that student-focused funding represents and parts of the model that represent a multi-year commitment to school boards on the one hand and, on the other hand, funding that goes to boards for one-time initiatives.

We believe it is very important to make this distinction for two key reasons. The first is that we have an obligation to have full disclosure and a clear set of financial statements that the public can understand and, equally importantly, we have to provide information to school boards in a way that helps them develop multi-year plans. We don't want to show them funding that we know is going to be there for one year only as if it were there on an ongoing basis, or leave that impression. So we make a very real distinction between funding that's driven by the formulas in the model that represent multi-year commitments on an ongoing level of funding for the system and one-time funding.

Mr Kennedy: Mr Chair, if they're offering this, would they permit very straightforward questions in order to clarify the information they've provided or do they wish just to provide information at this time?

The Vice-Chair: I think he was responding to your question.

Mr Kennedy: Mr Gooch is responding to my question. I was just wondering, would the minister permit me to make very straightforward questions at this time or would they prefer to just present information?

Hon Mrs Ecker: I think it would be helpful if Mr Gooch could finish. I'm sure in the next round of ques-

tioning, if Mr Kennedy had further questions, Mr Gooch would be quite happy to stay and answer them.

The Vice-Chair: I think I hear a "no" in that one.

Mr Kennedy: I heard a "no" as well. Thank you, Mr Chair.

Mr Gooch: So the one-time funding that Mr Kennedy raised as an issue is approximately \$268 million, which is identified on our statement as a one-time phase-in payment, 2000. This payment was made to, I believe, five school boards in March 2000. It was made in recognition of the need for those school boards to have transitional funding to ease their transition to the new funding model. The bulk of the funding went to the Toronto school board. That payment was made, as I said, in March 2000.

As a technical matter, if we were going to show that as part of student focus funding, it would be shown in the 1999-2000 school year, and I would observe that if we did that, it would still show funding increasing between 1999-2000 and 2000-01.

The question was, can we show an amount of \$360 million in which school boards are having more money next year than this? The answer is yes. If you look at the spreadsheet that's there and published on the Web, you'll see that if we're looking at the ongoing funding, comparing apples to apples, if you look at 2000-01, you'll see that the ministry's estimate of how much boards will be eligible for in this current school year is about \$13.487 billion.

If you look at what we're projecting student focus funding will bring those school boards in the next school year, you will see that we're projecting a revenue to school boards of \$13.862 billion, and you will see that the difference is about \$375 million.

You might notice in our public records, we continue to refer to over \$360 million. That's as a matter of due caution and not to mislead the public. We're not certain what the amount will be in 2000-01, because that's a projection, and when we get boards' estimates in we'll have a more accurate number. But we are confident that that projection shows about \$375 million more.

The Vice-Chair: Thank you, Mr Gooch.

Hon Mrs Ecker: Thank you, Peter. I think some of my members may wish to address some questions in the final few minutes. How much time do we have, Mr Chair? Sorry.

The Vice-Chair: You have about 12 more minutes.

Hon Mrs Ecker: OK.

Mr Mazzilli: Minister, thank you very much. Certainly it's pretty obvious that we are committed to publicly funded education: \$13.8 billion this year with an increase of \$360 million. You'll hear all kinds of arguments, "Should you increase funding on one formula or another?" Certainly since 1995, if you take \$12.9 billion and \$13.8 billion today, whether you're to consider, inflation—I personally don't think that inflation is a good way to consider it, because in some ministries needs go down and in others they increase.

What about the years of 0% inflation? Did the Ministry of Education then give 0%? I certainly saw years

that were close to 1% inflation. I think if you look at the numbers and you spread it over the right inflationary time, then you probably have increased the budget in relation to inflation.

We keep hearing about—and it's been disturbing in my community—but I do want to thank you and your ministry for the increases to the Thames Valley School Board, \$18 million or so this year, a portion of that due to increased enrolment, some \$8 million and then another \$8 million as part of the \$360 million increase to publicly funded education. Let me say that's just the public board. There are also the separate school boards. So when you take the London and area, we have about \$1 billion, with those two school boards combined, to deliver publicly funded education.

I think we all need to keep this in perspective. When you take publicly funded education, being our elementary schools and secondary schools, \$13.8 billion—health care is only \$22.5 billion, so it's some three quarters of what it costs to deliver health care to all citizens in this province, and especially with the aging population. I think with funding, as it is in most areas, there are not any extra dollars to go around, but I certainly think it is a reasonable amount to educate some two million children in this province.

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It was interesting on Friday how the opposition was on about the tax credits for religious schools and how this is changing from some long-standing policy in Ontario. Let me tell you, Minister, I do support the tax credit, but I support publicly funded education. I have three kids, and they are in a publicly funded education system.

But let's keep it in perspective—a \$7,000 maximum tuition. Most of the \$7,000 maximum tuition would be religious schools, because most of the others would be well beyond that. If you look at just \$7,000, with three kids, that's \$21,000. With 10% credit this year, that would give me \$2,100 after paying \$21,000, if I were able to find a school. In five years, it may give me half, assuming I could find tuition for \$7,000 per child. In most cases, I would argue that you would be around \$30,000 if you were to find a private school and at best you would get \$10,000 in tax credits in five years.

So \$3,500—because up to a maximum \$7,000 tuition. We're talking tax policy here. This is not very difficult. So in net dollars for a person in my situation, if you had to find a \$10,000 school, it would cost you \$30,000 and you'd get \$10,000 back. How many kids do you think this is going to drive away from the system? We had Mr Hampton say that this is going to be 15% or 20%. I don't think so. It's certainly not going to lure me anywhere. I'm happy with the publicly funded education system.

We did have a lot of parents from religious schools who came on Friday, parents that pay \$6,000 per family in religious schools. Those parents will get 10% this year, or \$600 on \$6,000 tuition. Somehow this is the end of the world and a change in policy and it's going to drive students out of the system. I certainly do not buy into that. Tax credits, as you know, whether provincially or

federally, are in many different areas, and I've made this argument before.

Mr Peters, you were there when the parent came who sends his kids to religious schools for that choice. He drives a 1993 Buick, and he and his wife both work and drive their kids to school. Somehow we oppose that parent getting a \$600 tax credit—after paying education taxes already in his home—because he chooses to educate his children in some faith-based school.

There are tax credits for all kinds of things. Mr Hampton, I know, doesn't agree with business owners that capital depreciate their Mercedes Benz and expense their business lunches. I know Mr Hampton doesn't agree with that, because he's always fought for that. But you know what? For the Liberals, that's OK. Capital depreciating the Mercedes Benz, writing off your business lunches, going to golf tournaments for Liberals and getting a tax receipt—no problem. But if you go to a religious school, no way you're getting a tax credit. No way. I just don't buy into it. I support the long-standing policy in Ontario whereby publicly funded education is the way we should go.

When you look at some of the arguments that have been put out in the media, and just to keep it clear, this year it's \$15 million in tax credits compared to \$13.8 billion in the publicly funded system, some people have argued that if you take the \$300 million—and it's not this year; it's in five years—and you divvy it up amongst the public boards, it will solve all our problems. One part of the equation that they've all left out here is public boards. They haven't included separate boards in that. So the public boards have all divvied up this tax credit among themselves, not even considering that separate boards are part of the publicly funded system.

We heard in London many people before the committee who support the tax credit. I think it's a positive move for this government. But I know, Minister, there are other things that you've done this year. One of them is the Robins report, and I was involved in the debate. Although we do have many great teachers in this province, there have been a few that have used their position of authority to prey upon young children. Essentially, in that report, Judge Robins recommended that criminal background checks be done. These are not going to be foolproof. They're not going to be foolproof. There's always someone that can commit things after.

But the one thing that came out of that is Judge Robins thought it should be done at the entry level, where I argued that you made the right move in doing it over two years. To do it on a yearly basis, it would actually take you 30 years to go through the entire system and have an accurate accounting. So why not do it over two years and be done with it and then school boards have accurate information on that. Minister, can you just comment on the criminal background checks, when that's going to be done?

Hon Mrs Ecker: I think, as you say, criminal reference checks are one step. They are certainly not the entire answer. It was something that had been recom-

mended in varying degrees, that we take the step. That was something we committed to do in the last election. We said if elected, we would bring this forward. We are indeed doing that, phasing it in over two years. I think it's part of due diligence. Many school boards actually already do this kind of check anyway. New teachers, as they register with the college, have to submit a reference check. Many employees in many other sectors have to do a reference check. So it has become an unfortunate but necessary requirement for all of us in this day and age when we're dealing with children, but I think it's a due diligence step that would help.

Robins was also very clear that there are a number of other steps that need to be taken. The ministry and education partners are in the process of following those recommendations. We made changes. One of the things I was pleased to do in the social services ministry was to make changes in the Child and Family Services Act to better protect abused children, to have better reporting by professionals, including teachers. There has been training and work on that to try and provide better protection there. There have been changes in how teachers are educated, training for teachers and information for students in the curriculum about what appropriate personal boundaries and things are. We will also need changes in law which I hope we bring in this fall. The college of teachers has done some very good work in this area and, frankly, have actually gone further, I would suggest, than what Robins had recommended. One of their specific recommendations which I personally agree with is they've asked the government to pass a law to have reporting of incompetence to the college, which I think would be very much in the public interest.

Those are some of the initiatives that we're looking at to see if we can move forward in the fall to better protect our kids.

Mr Hampton: What about private schools?

Mr Mazzilli: Minister, when we're here in the fall—

Hon Mrs Ecker: Mr Hampton's question, just in case it gets on the record, we want to be very, very clear that certified teachers must comply with all of these kinds of rules wherever they are employed.

Mr Mazzilli: Very good for clarifying that. I certainly—

Mr Kennedy: On a point of order, Mr Chair: If the record—

Mr Mazzilli: Last fall—

The Vice-Chair: Mr Mazzilli, I have a point of order I have to deal with.

Mr Kennedy: I know we don't want to get into endless rounds of this, but private schools are not required to use certified teachers. I'm sure the minister didn't mean to imply that.

Hon Mrs Ecker: Mr Kennedy, I said exactly what I meant; I meant exactly what I said. It was an accurate statement, as he well knows.

Mr Kennedy: Not in the context.

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Mr Mazzilli: Minister, certainly last fall—

The Vice-Chair: You've got about a minute to wrap.

Mr Mazzilli: —I talked about my daughter doing grade 3 testing, and this was the year. Her class, her teacher, prepared them well and although she was doing it for the first time she felt the stress, as every child does, with the grade 3 testing. She came home after a number of days of testing and actually said it was easy. She was well prepared by her teacher, but I will say the curriculum is challenging, and challenging to the parents. Parents are expected to do a lot of work in the evening. I'm not there very much, but there is someone who fills that role, and we get through it.

What have you heard from parents on the curriculum? Are they working late into the evening to get through some of the homework?

Hon Mrs Ecker: The comprehensive overhaul of the curriculum from kindergarten to grade 12 has been a monumental task. It has required an awful lot of work by the literally hundreds of people—parents, teachers, other education experts—who were part of developing the new curriculum, and developing it based on a very important question: what do our students need when they leave high school at the end of their elementary and secondary education, whether it's post-secondary, college or university, whether it's directly into the workforce, whether it's into some other kind of apprenticeship or training program? What do they need to succeed in those destinations? We sort of worked back from there. So it is a more—

The Vice-Chair: I have to stop you now, Madam Minister. The time is up.

We've reached the point of a 20-minute rotation, and the first rotation goes with the official opposition.

Mr Kennedy: Madam Minister, I wonder if I can ask you about something you said to us. You said, on the one hand, when asked about your statement last year—you made a statement to the press—that the funding for private schools would come from public schools. You said that at one time. It was reported in the Toronto Star. You also, in your letter to Mr Axworthy concerning the United Nations, talked about the fragmentation and so on. When I asked you about the difference you said that you were referring, and if it isn't for both statements it seemed that you said the same thing to Mr Hampton, that the direct funding would be harmful—I have it written down and we'll see what the Hansard says—and that the indirect funding by implication would not be.

Yet somehow you're telling us that the only studies that you've done are looking at other provinces. As you well know, every other province does direct funding, the same direct funding that you said would fragment and undermine education. So what you told us here today is that essentially you believe that direct funding would fragment and undermine education, and you also told us that systems that do that are the only ones you rely on for knowing what impact there is, whether it's through enrolment or other negative impacts on public education.

I find that a bit incredible, and I wonder if you would tell us again, Minister, if you say direct funding is a bad

thing and none of those provinces are doing the voucher or the tax credit that you've proposed to this province today, or that you're endorsing today on behalf of the government, how can you stand in your place and tell us that it won't be harmful? How can you say that?

Hon Mrs Ecker: Because, Mr Kennedy, first of all, at the time that the United Nations issue was going on, there was no place to take the funding other than from the Ministry of Education. There was no other government policy, government initiative, government budget line to fund such an initiative, however it was done. I do not believe that taking money from the public education system to support the tax credit is an appropriate policy. The government is proposing to do a tax credit of resources that are not going to be coming from the public education system. I appreciate that people agree or disagree with that, depending on where they come from. This is one of those issues, as many issues are in education, where there are significant differences of opinion. But certainly my job as Minister of Education is to ensure that we are meeting the commitments we made about better quality, better accountability, and increasing an investment in the public education system. That is indeed what we will continue to do.

Mr Kennedy: Minister, several times you said, "We've looked at other provinces," when people asked you, "How do you know this will not be harmful?" Yet a year ago, at a minimum, you were describing what goes on in other provinces as not just taking money away but undermining and fragmenting. In your own words today—

Hon Mrs Ecker: Yes, but Mr Kennedy, we're not—

Mr Kennedy:—you said to us that that would hurt public education. Yet you want us to—

Hon Mrs Ecker: But we are not funding like other provinces—

Mr Kennedy: Minister, answer this—

Hon Mrs Ecker: We looked at that, and we made a decision to do something different here.

Mr Kennedy: Minister, isn't it then clearly irresponsible for you to have done no studies into your particular model, the one that you say now today—you say that if you fund with a voucher or a tax credit, which you insist on calling it, it will not harm public education? Your government said otherwise when it spoke to the UN last year, but that's what you're saying to us today. Yet you come before this committee and you haven't got a single research study to show that.

I'll refer you to the Shapiro report, which was done in 1985, commissioned under the previous Conservative government. In that study, it said, "Tax credits or vouchers will be the most harmful to the public education system."

What is it that you have to show us today or refer to today that should get people to believe that suddenly the private school voucher or tax credit will have no negative impacts on public education? What is it exactly?

Hon Mrs Ecker: First of all, Mr Kennedy, vouchers are very different from tax credits, and I'd be quite happy

to walk you through or have staff talk about that at some future time. But we are not proposing a voucher program; what we are proposing as a government is a tax credit, a partial credit, for the tuition that parents pay. Critics of this particular initiative are concerned that students will leave the public education system and therefore our investments in the public education system will decrease, will not be as significant. What I am saying to you is that what the government has also said is that our investment in public education will continue and our priority on the public education will continue, and I'm sure there would be a unanimous view here in this room that that system is important, that it should be a priority, should remain a priority, and that remains government policy.

Mr Kennedy: Minister, when you wrote your letter last year you said, "As was set out in the submission to the UNHRC"—you endorsed that—"extending funding to religious private schools"—a narrower policy than the one today—"would result in fragmentation of the education system in Ontario and undermine the goal of universal access."

Can you tell us today how it is that this particular tax credit is so different that it doesn't do exactly the same thing that you talked about before? You didn't say a year and some ago that it was because of the funding; you said the nature of doing this would do that. If you look at the United Nations report, which you endorsed in your letter—and I'll ask you, Minister, if you wish to, to say that the United Nations report is worthless or doesn't have any value with you. What is it about the private school tax credit that makes it so much safer than the funding that was your concern in January 2000 that would have such catastrophic effects for public education? What's the difference?

Hon Mrs Ecker: Mr Kennedy, it's important to recognize that if you believe parental choice is an important value, which this government, this caucus subscribes to—I understand that in the Liberal Party you want to put qualifiers around whether or not you believe in parental choice—the government's view is that parental choice, if you're going to respect it, you respect it. Parents had come to the government and said that they wished their choice to be respected if they wished to go to independent schools.

We have parents who choose to school their children at home, and one of the things the throne speech made very clear is that we would also respect that particular parental choice and would take steps to better support those parents who school their children at home. So there is an important value here that the government support parental choice, and the government has chosen to not put a fence around that parental choice simply in the public system. While that remains the priority, they wish to extend that for parents who choose to go to independent schools.

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Mr Kennedy: Minister, I know you know this isn't semantics. You're the Minister of Education and you're the highest-ranking elected official charged with that

direct responsibility. When you say to us that somehow parental choice makes it OK, every other jurisdiction sells parental choice as direct funding to schools as well. So, I ask you again—

Hon Mrs Ecker: Well, then, we disagree with those other jurisdictions, with all due respect to them.

Mr Kennedy: I ask you again, Minister, what is it about this private school tax credit that makes it so much safer? Why were things catastrophic a year and some ago in January—and, by the way, the United Nations report talks about both partial and full funding, and you've endorsed that. But leaving that aside for the moment, can you tell us, as the expert, as the ranking layperson but representing all the people of the province in this regard, what is it about this tax credit that makes it so much safer than the full funding that you were so afraid of approximately a year and a bit ago?

Hon Mrs Ecker: What I think is important to recognize is that the government has clearly said that money for the public education system, investments in the public education system, will continue. So there will not be an impact which none of us would agree with on the public education system as a result of this particular proposal, should it come to pass. Certainly there were people who expressed a concern that funding independent schools in whatever fashion would be harmful to public education. The government has heard that concern and that's why we have also said that we will ensure that investments continue.

But there's something else also. The debate here, between your comments and Mr Hampton's comments, has accepted the fallacy that we should measure how good our public system is by how much we spend on it. If that were indeed true, then jurisdictions that are spending less on education should not be doing as well as Ontario students. But what we have seen is that there are jurisdictions out there that spend less than Ontario and their students actually perform better. I think that's an important thing to get on the record, that measuring how successful our system is by strictly how much we spend on it is not necessarily an accurate assumption to start with, as Mr Kennedy has done.

Mr Kennedy: Madam Minister, with the greatest of respect, you're an honourable member. A year and a bit ago you said there was a terrible problem if you funded private schools, and today you haven't given us a single reason why the tax credit is safer—not one. You've talked about many other subjects, and I'm sure there's an extensive audience for that, but frankly it is startling and alarming that you haven't been able to give us that particular assurance.

Now, Minister, on the matter—

Hon Mrs Ecker: Well, we have given you an assurance, Mr Kennedy, that this government's priority remains and will continue to remain the public system and to ensure that there are not negative consequences for the public system.

Mr Kennedy: Was your government's priority different when you wrote this letter? When you wrote this

letter in January 2000, could you not believe that your government was still committed to public education? Is that what's changed between then and now?

Hon Mrs Ecker: The government's commitment to public education remains. It is our priority. It is, as you know, the second-biggest budget priority for the government, the first being health. I think it is important that that commitment continue to be restated because it is indeed the truth.

Mr Kennedy: But was it different back then when you had your concerns? Was the reason you thought public funding for private schools would be harmful because your government was not committed then, and now it is committed to making sure public education is funded?

Hon Mrs Ecker: The question was taking money from the public education system to fund independent schools, and it would have indeed been harmful to have done that. That is not what the government is proposing to do. Our commitments to the public education system stand, as they should. I think it's an important priority.

Mr Kennedy: Minister, again, you are the most expert person in the province, by nomination of the cabinet and the Premier. When a child leaves a school to take advantage directly, as an incentive, because they like what you've done—the \$3,500 has given them enough reason to leave—if that student leaves Parkdale Collegiate or Humber College or any school in the province, doesn't your student-focused funding cause there to be less money available for the school that they left? Isn't that absolutely correct?

Hon Mrs Ecker: If all we did was fund school boards on just—

Mr Kennedy: Could you answer the question, Minister, please?

Hon Mrs Ecker: Well, Mr Kennedy, I am answering the question. I appreciate you may not agree with the answer, but that's fair. It's part of the process, democratic or otherwise. If all we did was to fund boards just on enrolment, you could make that argument. But we have made a deliberate policy choice to fund in addition to enrolment in a whole range of sectors and I think that is an important distinction.

Mr Kennedy: Minister, that would be very enlightening. I appreciate your raising that. Would you tell us, then, out of the approximately \$6,968 that you're providing this year per student, what portion of that is not tied to an individual child in the school, is not tied to enrolment? What portion of that is free from that?

Hon Mrs Ecker: For example, as you heard from Mr Nameth, we frequently fund school boards based on the nature of the schools themselves. We fund school boards on remote and rural activity. If they have—

Mr Kennedy: I know you—

Hon Mrs Ecker: Mr Kennedy, you've asked the question. Let me answer it.

Mr Kennedy: But I asked for a number. With all respect, I did ask for a number.

Hon Mrs Ecker: You can't take apart—

Mr Kennedy: A percentage?

Hon Mrs Ecker: You can't take apart the formula, the numbers, in a split second to come up with questions that are based on wrong assumptions.

Mr Kennedy: It was your assertion, Minister.

Hon Mrs Ecker: No. There are factors in how we give money to school boards that are not simply enrolment. For example, a school that has high inner-city needs, a proportion of their student population that may have high inner-city needs, that school board gets additional dollars because of the higher needs of their students. We have school boards that have schools that represent very wide geographic areas. That wide geographic area—

Mr McGuinty: Minister—

Hon Mrs Ecker: Just a second, Mr Kennedy—

Mr Kennedy: Minister, I'm sorry—

Hon Mrs Ecker: That wide geographic area means they get additional dollars. So there are adjustments made every year for boards that are different than enrolment. To look at the other factors, because if all we did—

Mr Kennedy: Minister, in both of those cases, they depend on the number of pupils that are in those boards. But I will defer to your greater expertise in this if you would agree to reference this and to have it brought back on a piece of paper to show to the province—because I think there's great interest in this—how much of the funding is not dependent on an individual student being there. Would you agree to bring that back to us, because you said, and I think it's fair, that it will take time to prepare such a figure?

Hon Mrs Ecker: Mr Kennedy, obviously, if you have funding that reflects costs that schools and school boards have, enrolment is a significant factor. We've made no argument to the contrary. But we also have funded boards above enrolment and the figures are very clear that some school boards, for example—

Mr Kennedy: Minister—

Hon Mrs Ecker: Mr Kennedy, let me finish.

Mr Kennedy: But you're not answering my question.

Hon Mrs Ecker: You have some schools that have had a decline in enrolment and their funding has in-

creased. The figures are very clear. So that, I think, is important to recognize.

Mr Kennedy: We'll look forward to the information if you can bring it forward.

Mr Peters: A member previously referred to the Thames Valley board. Minister, I wonder what message you would send to the trustees and administrators who are deliberating a budget right now, looking at bigger classes, fewer computers, longer lineups for students with special needs, students needing psychological help that could jump to 14 weeks from six to 10 weeks; a board looking at a \$4-million increase in utilities, a \$1-million increase in transportation, having to find \$17 million in cutbacks to balance the books; 75 full-time jobs, including education assistants, secretaries, literacy teachers, psychologists and speech and language pathologists having to be cut; and a board that's spending some \$3.5 million more on special education than it receives in provincial funding. What message would you send to the board and administrators of the Thames Valley board in their budget deliberations?

Hon Mrs Ecker: I'm sorry, Mr Peters, the deputy and I were just conferring about a number. Sorry, the question at the end?

The Vice-Chair: Unless the member can place it again in under 10 seconds, the response to that will be quite difficult, I would say.

Hon Mrs Ecker: Very quickly, and we can certainly pick this up again, the Thames Valley board's enrolment decreased and yet they had an increase in funding above their enrolment. We certainly appreciate that whether it's the budget of a school board, the budget of your household, the budget of any small or large organization, it is a challenge to stay within a budget and set priorities. It's a very difficult process, but the Thames Valley board has had additional resources and I appreciate that they are attempting to set appropriate priorities for their community.

The Vice-Chair: I want to thank you. We will adjourn for today and resume tomorrow after orders of the day.

The committee adjourned at 1801.

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STANDING COMMITTEE ON ESTIMATES

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Wednesday 20 June 2001

Journal des débats (Hansard)

Mercredi 20 juin 2001

**Standing committee on
estimates**

Ministry of Education

**Comité permanent des
budgets des dépenses**

Ministère de l'Éducation



Chair: Gerard Kennedy
Clerk: Susan Sourial

Président : Gerard Kennedy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 20 June 2001

Mercredi 20 juin 2001

The committee met at 1552 in room 228.

MINISTRY OF EDUCATION

The Vice-Chair (Mr Alvin Curling): Could we resume the estimates for the Ministry of Education? Today we start with the New Democratic Party, 20 minutes.

M. Gilles Bisson (Timmins-Baie James) : Monsieur le Président, j'ai un petit problème. J'ai des questions que je veux demander en français faisant affaire avec une école à Hearst, mais il n'y a pas de traduction ici présentement.

The Vice-Chair: I may say that we don't have any—

Mr Bisson: Just in English, so you understood what I said, I have some questions that are pertaining to a school in Hearst. I'd like to ask them in French, and unfortunately the minister does not have translation equipment.

Mr Wayne Wettlaufer (Kitchener Centre): None of us does.

The Vice-Chair: That's the point I was going to make too. I understand your drift.

Mr Bisson: Is the Amethyst Room open?

Clerk Pro Tem (Ms Tonia Grannum): No. Finance committee is in the Amethyst Room. We could try—

Ms Sue Herbert: Mr Chair, if I may, my ADM for francophone services is here beside me. If the committee were willing and if, Monsieur Bisson, that was acceptable—

The Vice-Chair: I would have difficulty with that. Here are the alternatives we have. We can recess until they set up the process for translation in here; it may take a couple of minutes. I would say that should not be taken away from the estimates time whatsoever, because he should have those facilities.

Mr Bisson: That would be acceptable.

The Vice-Chair: The problem we may have here, though, is that it will take about half an hour to an hour to set up. That's the situation. I don't know if they have the room in here so that they could set up the translation process. So it would be the wish of the committee, then, to recess for half an hour to an hour to accommodate setting up those facilities?

Mr Bisson: OK. That's acceptable.

The Vice-Chair: You'd like that recess to happen in order to set it up?

Mr Bisson: Yes. The problem is that I just spoke to the school that was here a little while ago and I do want to do this in French, as is my right. So I'd ask for the recess until we set up.

The Vice-Chair: Is that agreeable with the committee? I would say that from what I heard from the clerk, it may take a minimum of half an hour to an hour. Let's say we recess for 45 minutes.

Mr Bisson: Then we come back at what time?

Hon Janet Ecker (Minister of Education, Government House Leader): Chair, a suggestion?

The Vice-Chair: Sure.

Hon Mrs Ecker: I don't know logistically if it's possible, but is it possible to go on with other times until they get that set up? Then, if Mr Bisson has time—

The Vice-Chair: I would then have to ask Mr Bisson, because it is his time. We would have to leave the rotation and skip—

Mr Bisson: I don't want to skip a rotation.

Mr Gerard Kennedy (Parkdale-High Park): We'd come back to him.

The Vice-Chair: But I would have to respect his time on this. If he chooses that way—

Hon Mrs Ecker: We don't deny him the time.

The Vice-Chair: —I can accommodate that. If not, we take a recess.

Mr Bisson: The first question is, can it be done, set up at the same time? I don't know.

The Vice-Chair: It's my understanding it can be set up in about half an hour to an hour.

Mr John Gerretsen (Kingston and the Islands): Can the hearings go on at the same time?

The Vice-Chair: The hearings could not go on, because Mr Bisson wants to do it in French.

Mr Gerretsen: But can you set up the translation and at the same time have the hearings go on to other matters?

The Vice-Chair: No, I don't see that it's practical. The fact is that he's going to proceed—and it's his 20 minutes—in French and I would not be able to facilitate as the Chair for that time.

Mr Gerretsen: I totally adhere to your ruling, Mr Chair.

The Vice-Chair: It seems to me we will have to take a recess until a quarter to 5, when we are back here.

The committee recessed from 1556 to 1648.

The Vice-Chair: May we commence the estimates. Thanks for your co-operation. For the translation, English is on channel 1 and French is on channel 2. We will now commence, Mr Bisson.

M. Bisson : Premièrement j'aimerais remarquer, monsieur le Président, et madame la greffière aussi et le groupe technique—pour s'organiser pour avoir les traducteurs. C'est très apprécié pour moi comme député qui représente un comté où la majorité est francophone. C'est important d'être capable de faire notre devoir en français ici.

Deuxièmement, j'aimerais faire une motion pour ne pas répéter ce qui est arrivé aujourd'hui. On a perdu bien proche de 45 minutes. Si on pourrait avoir les comités des estimés se rencontrer dans l'Amethyst Room, où on a déjà la traduction simultanée, la semaine prochaine.

Est-ce que je peux avoir quelqu'un pour secondar la motion ?

The Vice-Chair: We'll second the motion for—but let me just deal with the first part of it. We have not lost any time.

Mr Bisson: No, no. I realize that.

The Vice-Chair: Therefore, the time for that 45-minute set-up will be extended. If I understand you correctly, you would like this to be moved to room 151 on Tuesday.

M. Bisson : C'est ça.

The Vice-Chair: And there's a seconder?

M. Kennedy: Oui.

The Vice-Chair: So we have Mr Kennedy seconding that. I presume you're all in favour of that.

Interjections: No.

Mr Frank Mazzilli (London-Fanshawe): No. I call for a recorded vote, Mr Chair.

M. Bisson: Une discussion, M. le Président, s'il vous plaît.

The Vice-Chair: Go ahead.

M. Bisson : Vous allez voir, les députés, membres du gouvernement, que les pauvres traducteurs ont besoin de traduire en arrière dans votre oreille. Cette salle n'est pas vraiment convenable pour la traduction, comme on voit. Moi, je parle et je peux entendre le traducteur qui parle derrière moi ; ce n'est pas bon pour vous autres et ce n'est pas bon pour moi. Justement, regardez, vous êtes en train de jouer avec vos appareils. Ce n'est pas pour vous donner des problèmes. C'est que la salle 151 a toutes les facilités nécessaires pour faire la traduction simultanée d'une manière adéquate. C'est pour cette raison que je demande ça.

The Vice-Chair: Mr Kennedy.

M. Kennedy : Je suis d'accord avec le député. C'est le droit de ce député et de tous les députés ensemble, de tous les membres du gouvernement, d'avoir les services en français et d'une manière qui est professionnelle. Il me semble qu'il est nécessaire d'avoir la seule salle qui est appropriée pour cela. Je suis d'accord et j'espère que le gouvernement reconnaît que c'est le droit des membres dans cette chambre. Je ne sais pas où est le problème avec la requête de ce membre-ci.

The Vice-Chair: Mr Wettlaufer.

Mr Wettlaufer: I'm a primarily English-speaking individual, and I have to say I have no trouble understanding the translators. This translation equipment works very fine, and I am quite satisfied to stay right here in this room.

The Vice-Chair: Let me just say this. I've been pretty generous in allowing all this discussion to happen. I understand that the Chair has the right to just say that this can be moved to 151, and I think Mr Bisson's request to have it in 151 would facilitate us much easier than this sort of set-up. I don't know if I should say that the motion was not in order in that respect. But then, just to rule, if it's available, we'll move to 151 on Tuesday.

M. Bisson : Si j'ai bien compris, la semaine prochaine on va être dans la salle 151. Mardi, oui ?

The Vice-Chair: Yes, if it's available, of course we will be.

M. Bisson : Merci.

Madame la ministre, premièrement, bienvenue encore une autre fois. On s'est trouvé l'année passée devant ces estimés. C'est notre troisième année ensemble. Ça commence d'être une habitude.

Le printemps donne, comme vous savez bien, la chance aux étudiants à travers la province de venir à Queen's Park à travers le programme jeunes voyageurs. Justement aujourd'hui ça donne qu'on a eu des écoles des communautés de Hearst, de Kap et de Timmins qui ont été ici. Moi, sachant que je serais ici aujourd'hui, j'ai demandé aux élèves, « Avez-vous des questions que vous voulez demander à la ministre de l'Éducation ? » et les questions que j'aimerais vous poser à ce point-ci sont les questions qui ont été complètement pensées par eux. J'aimerais que vous soyez capable de répondre. On va prendre l'information et on va l'envoyer aux écoles après.

La première question : une des préoccupations des jeunes est toute la discussion qui se passe avec la question des uniformes. Comme vous savez, je pense que c'était l'été passé, il y a eu certaines discussions pour avoir des uniformes mandatées dans les écoles à travers la province. Les élèves ne sont pas en faveur de ça et ils m'ont demandé de vous demander où vous en êtes rendus comme ministre et comme gouvernement avec cette question, et avez-vous l'intention d'obliger les écoles primaires ou secondaires, ou les deux, à adopter une uniforme d'école ?

Hon Mrs Ecker: Thank you very much, Mr Bisson. My apologies for not being able to answer your students in their language.

First of all, vis-à-vis school uniforms, our policy is that the decision about whether or not a school would have a uniform policy is a decision that parents make. The school council regulation that comes into effect this fall clearly lays out that authority, if you will, and school boards are responsible for setting processes in place so that parents would make the decision. Again, how the decision is made varies from school to school and board to board, but we felt the best way to resolve the

sometimes disagreement that can exist was to let parents themselves make the decision.

M. Bisson : Si on comprend bien le processus, pour que les élèves comprennent, c'est le conseil des parents de l'école qui fait la décision et le conseil scolaire doit accepter cette décision ?

Hon Mrs Ecker : No, it's up to the parents to make that decision.

M. Bisson : Sur le conseil des écoles ?

Hon Mrs Ecker : The school board sets the policy about how the decision is made, but the authority for the decision is the parents.

M. Bisson : Au conseil d'école.

Hon Mrs Ecker : Of the school.

M. Bisson : The school council, le conseil des écoles.

Hon Mrs Ecker : There is a process, and actually, if you would like, Mr Bisson, do you want to walk through the process for the school uniforms?

M. Bisson : Si vous êtes capable d'expliquer aux élèves, parce que c'est une préoccupation qu'ils ont, puis je veux faire sûr que nous, on comprend bien pour les élèves. C'est que le conseil scolaire adopte la politique, et c'est le conseil des écoles des parents qui fait la décision, et si eux autres disent, "Oui," ils sont forcés de porter une uniforme.

M. Maurice Proulx : D'accord. Monsieur le Président, Maurice Proulx. Je suis ministre adjoint, éducation langue française et educational operations.

Vous avez raison, monsieur Bisson. C'est bel et bien le conseil d'école, qui est formé à majorité de parents, qui prend la décision. Le conseil scolaire établit les politiques pour le fonctionnement de cette prise de décision, mais la prise de décision comme telle est faite par le conseil d'école qui, lui, est composé à majorité de parents.

M. Bisson : Ça veut dire que c'est très possible, une fois que la décision sera faite, à l'école Saint-Louis à Hearst ou dans l'école Jacques Cartier à Kap, que les jeunes seront forcés de porter une uniforme.

M. Proulx : Ce serait une décision qui est prise par les parents. Vous avez raison.

M. Bisson : Madame la ministre, moi, je n'ai jamais été d'accord avec la question des uniformes, justement quand j'étais au secondaire à l'école secondaire Thériault. C'était notre école qui a milité pour se débarrasser des uniformes. J'étais un de ces militants, et on a eu le succès d'arrêter la politique des uniformes. Je me trouve asteur, dans ma carrière de politicien, encore dans la même bataille que j'ai eue quand j'avais 14 ou 15 ans.

Je vous demande, vous personnellement : êtes-vous en faveur des uniformes ? C'est une des questions qu'ils veulent savoir. Moi, je ne le suis pas.

Hon Mrs Ecker : I think the question, quite frankly, is not whether you or I support or are in favour; it's what the parents think is appropriate for their children.

What I have heard from students is that there's no question that students who do not yet have or are not in a school that has a uniform policy—one of the things I have found is that they do tend to usually be very uneasy

or not like it or express concerns about it. Where I've talked to students in schools where they didn't have one and now have one, the students have said to me that they like it better with a dress code, because it's a dress code or a school uniform.

The reason they used for why it was better—there were a couple of things. One is the security, because everyone knows who's part of the school community. Because of the dress, they can recognize people, students, or strangers who shouldn't be in the school. So in some schools the number of incidents they had with students who came on to the school property to do things they shouldn't be doing dropped, they told me, practically overnight when they brought in the school uniform policy, because all of a sudden they were strangers and people knew who they were. So there's a security issue that students talk about, that it makes them feel more secure.

M. Bisson : Madame la ministre, ce n'est pas la question que je vous ai demandée. Moi, ce que demande, c'est ce que les étudiants m'ont demandé. J'ai expliqué la politique, tel que vous l'avez expliquée tout à l'heure, aux étudiants. Eux autres m'ont demandé, "Monsieur Bisson, comme notre député, êtes-vous en faveur, personnellement, oui ou non ?" J'ai dit non. Je demande à vous, parce qu'ils m'ont demandé de vous demander : personnellement, êtes-vous en faveur, oui ou non, des uniformes aux écoles ? Je comprends la politique. Je veux savoir, êtes-vous personnellement en faveur ? Moi, c'est non. Vous, c'est oui ou non ?

Hon Mrs Ecker : OK. I appreciate that, but I also thought it was important to get on the record that students who have gone through that change have reported very positive things about it, because the other important thing was that there are no longer the sorts of social cliques around who's got the neatest clothes, if you will, the coolest clothes or the most in-fashion clothes. So there were fewer "ins" and "outs," was the way that many students have expressed it.

I personally think a dress code or uniform policy is appropriate for a school. If I was a parent in a school, I would probably want to do that for my school. But I think that because of the differences of opinion, because of the differences in schools and school communities, it's not for me as minister to impose my view; it's for the parents to make that decision. Many of them actually, in the schools, do set up ways to consult with the students about it, which I think is a good way to do that.

1700

M. Bisson : Je comprends, et c'est apprécié que vous avez donné votre position personnelle. C'est ça que les élèves de l'école Saint-Louis ont demandé, et vous l'avez donnée.

Je sais qu'on pourrait avoir un gros débat. Il y a le débat de ceux qui sont en faveur—il y a certaines personnes qui veulent avoir, oui, une politique pour les uniformes—et il y a beaucoup de monde sur l'autre bord, tel que moi-même et comme les élèves, la majorité, qui ne sont pas en faveur.

On a fait un petit sondage avec les deux écoles aujourd'hui, parce que les deux ont demandé la même question, qui est intéressante, parce que ce sont des écoles séparées, pas de la même communauté, et la grosse majorité, 99 %, juste pour que vous le sachiez, n'étaient pas en faveur. C'est le message qu'ils voulaient que je vous amène.

L'autre question qu'ils demandent : il y avait encore, comme on dit en français, des cancans—en anglais on appelle ça des « rumeurs »—qu'il y avait une possibilité qu'on pourrait avoir un prolongement de l'année scolaire. On sait que l'été passé on en a parlé. Moi, je connais la réponse, mais j'aimerais que vous, comme ministre, seriez capable de répondre aux élèves d'école Saint-Louis. Est-ce que vous avez des plans, comme ministre de l'Éducation, ou est-ce que votre gouvernement a des plans pour allonger l'année scolaire pour les élèves à l'élémentaire ou secondaire ?

Hon Mrs Ecker: No, we don't. No.

M. Bisson : OK. Il n'y a pas de discussions dans cette direction ?

Hon Mrs Ecker: Not that I'm aware of. I think, monsieur Bisson, what we say to school boards is that there is a minimal amount of time that they have to have school. It's about 190 days of school they have to have. Whether a school wants to do it as year-round schooling or—I mean, some school boards have, because of the local culture, come back later in the fall. Some schools, as you know, break in the middle of the fall because of various things. So it's up to the school board to make that decision.

Where the rumour or the suggestion or concern may be coming from is, we do have the Task Force on Effective Schools, Dave Cooke and Ann Vanstone, who have been out consulting quite widely and will be making recommendations fairly shortly to the government on things they think would improve the effectiveness of schools. So I can only surmise that may be something that either people have recommended to them or that they themselves think they want to recommend to the government. But in the absence of that, I'm not aware of any other discussions—

M. Bisson : Mais vous, comme la ministre de l'Éducation, n'avez pas l'intention de prolonger l'année scolaire, personnellement ou comme gouvernement ?

Hon Mrs Ecker: If the task force makes that recommendation, I think the government should look at it. Obviously we've asked them to give us their advice, so if it is their advice that we should be looking at that, I think the government will look at it, but I don't know if that's indeed what they are going to say.

M. Bisson : OK, merci.

L'autre question que je veux demander fait affaire avec la 13^e année. Comme vous le savez, la décision était prise par votre gouvernement d'éliminer la 13^e année. Certaines personnes en sont en faveur ; je les comprends. Mais il y a aussi d'autres qui sont contre.

Une des questions que les écoles Saint-Louis et Jacques Cartier et même Frank P. Krznaric ont demandé

aujourd'hui et hier, c'est la question de la 13^e année. Ils savent que vous avez pris une décision d'éliminer la 13^e année. Ils comprennent que c'est une décision qui est faite et qui va être mise en place. Mais ils me demandent, premièrement, de vous demander de reconsidérer et de reprendre la 13^e année, parce que, comme élèves, ils pensent qu'ils en ont besoin pour se préparer à l'université. La deuxième question qu'ils me demandent : êtes-vous préparée à reconsidérer cette décision ?

Hon Mrs Ecker: I appreciate the concern of the students. We were the only jurisdiction in North America that was still at the 13 years. Every other jurisdiction had moved to 12 years, if you will. We were the only one that had 13. So when we had done our consultations, it seemed appropriate to go to 12 years, to completely overhaul the curriculum from kindergarten to grade 12. For those students who want to take an extra year, they can still do that. Even now with the grade 13 year, if you will, or OAC, as it's called, some students took their courses faster and some students took an extra year. So even though we're going to 12, as opposed to 13, they would still have the ability to take an extra year, if they wanted to do that.

M. Bisson : La dernière question que j'ai c'est la suivante : le système des semestres, comme vous le comprenez, dit que si les élèves ont un programme de gymnase, un programme athlétique dans leur premier semestre, pour l'année cela veut dire qu'ils ne vont avoir qu'un semestre avec le gymnase, soit le premier ou le deuxième. Les élèves sont très, très mécontents avec ce système et demandent, est-ce une possibilité où vous comme ministre êtes préparée à accepter l'idée que le programme de gymnase soit donné aux premier et deuxième semestres et non seulement un semestre par année ?

Hon Mrs Ecker: Which course was it? I'm sorry, I was paying attention to the monitor in the House there. It was phys ed?

M. Bisson : Phys ed. Nous autres, on dit qu'on va au gymnase. C'est le commentaire—

Hon Mrs Ecker: School boards can do that if they want. It would be up to a school board to make that decision to do that.

M. Bisson : C'est une question de financement, non ? Ce n'est pas une question de financement ?

Hon Mrs Ecker: I don't believe so. I'll just refer to my deputy here.

M. Proulx : Non, effectivement, la question de l'horaire, il y a des écoles qui fonctionnent encore avec un horaire à la ligne : les élèves prennent huit cours sur toute l'année, versus quatre cours et quatre cours.

M. Bisson : C'est ça.

M. Proulx : Puis pour certaines matières, il y a des conseils, puis plus particulièrement des écoles, qui vont cédule certains cours qui vont être donnés sur toute l'année pour effectivement éliminer le problème que vous décrivez. Alors, ça, c'est une décision qui est prise sur le plan local.

M. Bisson : Dans un système où il y a deux semestres à l'école pour l'année, vous dites que le conseil scolaire pourrait décider en neuvième, dixième, onzième ou douzième année d'accepter que le premier, deuxième semestre donne un programme de gymnase dans chacun de ses semestres ?

M. Proulx : Oui. Ce qui arrive, c'est que dans certains cas, au lieu de prendre quatre cours et quatre cours, il y a certaines matières qui sont données à longueur de toute l'année. C'est un crédit qui est donné sur toute l'année plutôt qu'un crédit qui est donné de septembre à janvier, par exemple.

M. Bisson : Je vous remercie. Mon collègue M. Marchese a des questions.

M. Marchese : Merci, Gilles. J'apprécie le fait que M. Bisson voulait faire ses questions en français, mais je pense que ce sera plus facile pour moi de le faire en anglais. Merci, Gilles Bisson.

Hon Mrs Ecker : I was expecting Italian.

Mr Bisson : You should.

M. Marchese : Ce n'est pas accepté ici. But I do want to say that unilingualism can be cured.

Hon Mrs Ecker : Yes, I know. I have heard it's not a fatal disease.

Mr Marchese : I've got a couple of questions, but please if you've already answered them, don't. Just tell me.

Do you know or does your staff know how many students there are in the private school system, both religious and non-denomination schools?

Hon Mrs Ecker : We have approximate figures of the registration in independent schools.

Mr Marchese : Do they have a number?

Hon Mrs Ecker : Yes.

Mr Marchese : Religious versus non-denominational.

Hon Mrs Ecker : Religious versus non-denominational, we're just double-checking. While we're looking that up, was there another aspect of your question just while they look that up for you?

Mr Marchese : We just finished debating Bill 45.

Hon Mrs Ecker : There are about 102,000 students in independent schools who are registered with the ministry. But the question is whether we have the breakdown between denominational schools or not.

Ms Herbert : Our current figures show us that of private schools who are registered, 329 have religious affiliations, and total non-religious affiliations are 393, for a total of 722.

1710

Mr Marchese : Right. In terms of student population, these non-religious—

Ms Herbert : The student population?

Mr Marchese : Yes. How many are there?

Ms Herbert : Non-religious? There are 59,966.

Mr Marchese : And the others have the difference. So it's fair to say that the bulk of the dollars for the tax credit is likely to go, obviously, to non-denominational schools.

Hon Mrs Ecker : That would depend on parents.

Mr Marchese : It would depend on the parents?

Hon Mrs Ecker : It would depend on the choice of parents.

Mr Marchese : But at the moment that's the distribution.

Hon Mrs Ecker : Of students in schools, but the use of the tax credit, of course, will depend on parental choices. The other thing about some of the schools that might well be sort of non-denominational, they might also be schools that respect particular cultural approaches to learning or other kinds of learning strategies. I think one of the best examples, since I have many of them in Durham region, are Montessori schools, which have a particular kind of approach to learning.

Mr Marchese : I understand that too. I just wanted to point out that Mr John Hastings was talking about how the opposition has been making light of the fact that a lot of the money that you will be giving for tax credits is going to rich people, and he just wanted to simply say that's not the case. I just wanted to argue that a whole lot of rich people are going to get a tax credit that they really haven't been asking for. The one example I give is Upper Canada College, where they pay \$16,000 for tuition fees, and if they bunk down there they have to pay \$28,000. I think these people are fairly rich, wouldn't you say?

Hon Mrs Ecker : No, I wouldn't say that, because I think that's an assumption on our critics' part. From what I have heard from parents, and seen, many of the parents who do choose to send their children to independent schools are not what I would call, to use the term in quotes, "rich." Many of them are lower-middle-class. Some of them make considerable financial sacrifices, at least some of the ones I've met over the couple of years. So I don't think that's a fair assumption.

Mr Marchese : I appreciate that.

The Vice-Chair : I think your time is up now, Mr Marchese. I know you're just getting into it, but your 20 minutes is up.

Mr Marchese : You're kidding.

The Vice-Chair : Yes, it's so exciting.

Mr Marchese : Madam Ecker, no opportunity to chat today.

Hon Mrs Ecker : Well, don't go away.

Mr John O'Toole (Durham) : I was enjoying listening to Mr Marchese as well, the flight of fancy there, whatever.

Thank you, Minister. It's my pleasure, and certainly a very important issue for all of us. I know what a champion you are of the public education system. Certainly in Durham, when we meet with the Durham boards as well as the other two boards that are certainly represented in my riding, I hear repeatedly questions—and I'm not trying in any way to put you on the spot here, because I know you're from Durham as well, but the whole issue of extracurricular activities has been a huge issue in the riding. I was very impressed with the support for the co-instructional task force, which was the attempt to resolve these extracurricular activities. I heard from many of my constituents, and some, arguably, may have

been your constituents, that they were pleased that you supported the recommendations. I can only say for my part that, as you probably know, I have a daughter who teaches in secondary, and extracurricular is very important to young people.

I know that there's been some flexibility provided in the additional funding that you added to education. I think there was a specific amount outlined that was to try to solve this problem with some other flexibility arrangements. Perhaps you could share, not just with me, of course, but with the other members of the committee on both sides here, the anticipated solution this September to the extracurricular activity and the support we received from the Organization for Quality Education. Certainly they spoke at some length for the support of the co-instructional task force, and, as they said, it still comes up. I would say, though, from everything I hear—and I pay very close attention to the students I hear from and the parents I hear from—they want you to solve it. They don't want to get immersed with having a disagreement with the individual teacher organization, or something, that may be trying to put a barrier in front of this.

With the steps you've taken, clearly, I suspect that some of that's in the current bill. Bill 80 may be one of the mechanisms as well that provides some stability for the students and arguably for the whole educational community. Perhaps, as I pose the question, you could help us understand your aspirations, your hopes for a solution to the extracurricular activities specifically and, in a general sense, the steps you've taken to introduce some flexibility in this funding mechanism. It's part of the \$360 million, I understand that, but I know you'll need some time to have other members hear a complete and comprehensive response to what for all of us has been a serious challenge. There may be other agendas at stake here too in terms of, what is the goal here? Is more money going to solve the problem or is there something else behind this resistance to provide extracurricular activities? I'm just wondering if you could maybe respond to that in a general sense.

Hon Mrs Ecker: Thank you very much, Mr O'Toole. You and I, sharing ridings in Durham region, have seen how unfortunate the circumstance is when some teachers have chosen to work to rule so that students are denied the opportunity to participate in extracurricular activities. I should point out, however, that it is very important to note, and I go out of my way to say it on a regular basis, that we also have many thousands of teachers who have not, who see their job very clearly as providing services such as that for students, because they recognize, as I recognize, the importance of that kind of co-instructional or extracurricular activity. It helps students learn better in many cases. It's something that both students and teachers enjoy doing. It can for senior students give them skills or networking opportunities that might actually help them in terms of jobs in later life or give them opportunities at scholarships for post-secondary education. So there's a lot of value to these activities and it is a service that students deserve from the education system.

But, as I said, unfortunately in some schools around the province we have seen that when there were political or labour fights of one kind or another, these activities tended to be withdrawn.

The task force that we appointed earlier this year consulted extensively with all of our partners, parents and students, and made a series of recommendations. Those recommendations were greeted with great support, a great consensus actually around the recommendations. So we were very pleased to move forward with them. What the recommendations asked were for every party, if you will, all the education partners, to be prepared to compromise. Everyone said they would. So the package of initiatives that I announced in May to implement those recommendations is indeed not only a significant package to accept the recommendations but also, I believe, a compromise that, if all of the parties do what they said they would do, should remove any excuse for not having extracurricular activities this fall.

A couple of things about how we did that: first of all, as you say, we did increase the amount of money available for school boards. There was an additional \$50 million that was part of that announcement which school boards could use flexibly according to their priorities. They could use it, for example, to assist in this area if they needed to or if there were some other priorities that they had. We also took the workload, the instructional time, classroom time, standard of four hours and 10 minutes and did two things with it. First, we included as part of that definition teacher activities that hadn't been included before, for example supervision, when a teacher was supervising students at a particular activity, or when a teacher might be filling in for an absent colleague—the term used is “on call”; also, remediation activity, when a teacher is involved in extra help for students. So those were some of the things that will be included this fall, if the legislation is passed, to recognize the other tasks and duties that teachers have to do.

The second thing we did with that was to give schools and school boards more flexibility so that in timetabling they could actually recognize the fact that a teacher who was doing extracurricular activities is indeed incurring an extra workload and that they could accommodate that teacher, be flexible in scheduling and timetabling, so that teacher would have less other work, if you will, in order to do extracurricular activities. So I think that was a very significant change.

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We will also, subject to passage of the legislation, be requiring school boards to put in place plans every year to provide extracurricular activities. We are also proposing to withdraw from previous legislation the requirement that it would have been mandatory for teachers to participate, so that it remains voluntary.

There are some other things we are doing, allowing school boards to take away some of the other barriers that school boards perhaps had in terms of other volunteers, because it needs to be a mix—not just teachers, but teachers and volunteers. Also, if school boards need

additional teachers or additional resources, they can acquire that by taking the average class size up by up to one student in high school.

I think it has been a significant package. It's focused on where the problem is at the high school level, and again, it's public high schools where the concerns have been. In elementary schools, those teachers have been very good at providing what students need without getting into those sorts of disputes that some of their public high school colleagues have.

Mr O'Toole: I appreciate that—

The Vice-Chair: I just wanted to cue Mr Wettlaufer—

Mr O'Toole: I just wanted the time to finish off, if I may, and I certainly will give time to Mr Wettlaufer. I wanted to compliment you, because I believe in the compromise. Also, moving away from the mandatory volunteerism argument was extremely important and a strong gesture, I think, in symbolism and in reality.

Just one more point on decreasing the animation between the government, arguably, and the union. You might know that the latest volley of gunshots has been heard from the Durham District School Board, withdrawing, through pink slips, the teachers who participated in summer school. This is one more attempt to keep the temperature up, dislocating students and parents, causing a great deal of inconvenience for students who wanted to finish their high school requirements over the summer. I think it's a very selfish, self-interested kind of motive. Are there any steps within the ministry's mandate to deal with this pink slip, whether telling teachers, as reprisal for participating in summer school—it's just inexcusable in my view.

On the other hand, I want to compliment the Durham separate board. They have taken up the challenge now to provide that. Those students are going to have to reapply to another board and that will create some problems for them. Is this not just exacerbating? Yet, as I've just said, you have tried to compromise. What compromise are we hearing from the other side, if any? Not just the pink slip issue, but I'm trying to finish out the discussion on this whole—

Hon Mrs Ecker: I think, first of all, what's happening currently in Durham region is another example of a fight between a union and a school board and, again, over what issues? The material has gone out. Parents are saying to me, "What are they talking about?" So it's unclear what the issues are, but again, the union is having a fight with the school board and they're threatening to take action against any teacher who takes a job with that school board. Parents consider that absolutely unacceptable, because what it has done potentially in Durham region is to take away from students the opportunity to get extra help from the summer schools.

Actually, what's even more ironic about it is that those summer schools, those summer institutes, are sponsored and paid for. The ministry pays for them, the federation. It's a partnership between the teacher union and the ministry, who put it on for students. Also, we have some

for teachers as well, recognizing that that's an important obligation for us and recognizing the need. But here we have a case where they are taking a step that is threatening to deny students this opportunity. It has been because of the co-operation between the public board and the Catholic board that students will be able to continue to have those opportunities. It's that kind of activity that I think parents just find absolutely unbelievable. Why would their students suffer because of that kind of fight or dispute?

I've been very clear. I recognize that various education organizations and education partners may not agree with the government of the day. That's not an unusual thing. The teacher unions fought the Bill Davis Tories, they fought the David Peterson Liberals, they fought the Bob Rae New Democrats and now they're fighting our government. That's not an unusual activity for a teacher union and that's part of the democratic process. If they don't like the government, they're free to go out and express that in any number of ways. But doing it in the classroom, doing it in a way that takes away an opportunity for students—parents just do not support that.

That's one of the reasons why the legislation we have before the House now is proposing to have three-year collective agreements, to take one step—and it is only one step—to try to have a little more stability on the labour side for students and parents.

Mr Wettlaufer: Minister, I was very intrigued by Mr Bisson's question relating to grade 13 and your response that Ontario is the only jurisdiction in which we had five years of high school. It brought back a little personal experience, if I may share some of that anecdotal information with you.

My niece transferred to Alberta five years ago and, lo and behold, she found that she was more than one year behind in her math, more than one year behind in her science and nearly a year behind in many of the other subjects she was taking. She required special tutoring in order to get up to the level that Alberta was.

I think you will recall some 30-odd years ago that Ontario's education system was considered to be the best in North America.

Mr Mazzilli: I wasn't born then.

Mr Wettlaufer: Mr Mazzilli says he wasn't born yet. That's a possibility. I was.

We had an enviable education system. But 10 years ago, I was in business and I can recall hiring people who did not know how to write proper grammatical structure. Their spelling was hideous. I spoke to professors and to the president of the University of Waterloo at the time—I believe it was Burt Matthews then—and what we found from all these discussions was that many of the students who were entering university out of five years of high school did not possess the literacy level out of Ontario that they did out of other jurisdictions.

Five years ago, or perhaps four years ago, I was at a meeting with Jim Downey, who was then president of the University of Waterloo, and Jim Downey said, "Wayne,

the changes your government is undertaking in education are so long overdue that the universities have welcomed this with open arms."

There is this positive co-relationship between student testing and student achievement. This comes right from the educational experts at the universities. I don't know if we are seeing any results yet. If we are, I wonder if you could share those with us.

Hon Mrs Ecker: Actually, you're quite correct that it was the lack of basic skills for our students that caused us, as a party and then as a government, to say that we needed to change the way the education system was functioning, to have a better curriculum, which is being phased into place. It's in the elementary schools and it's continuing to be phased into high schools. The focus of that curriculum is on very important foundation skills: literacy, mathematical and scientific skills.

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On things like the TIMSS test we are starting to see Ontario go up in the rankings, if you will. For example, in math, in 1995 Canada ranked 13th; in 1999 Canada ranked ninth out of 26 countries. The significance in the increase has been because of Ontario students. Again, in science, in 1995 Canada was 14th; in 1999 Canada was 11th. Ontario and Quebec were the only two provinces to improve significantly since 1995, and Ontario was the major reason for Canada's significant improvement.

We're also see in EQAO results, the Education Quality and Accountability Office, which is the independent, arm's-length body which is phasing in the testing program here in Ontario, a 13% increase in the number of grade 3 English students achieving the provincial standard in math and an increase for French students. There have been others. I'm going down the list here: a 10-percentage-point increase in French writing results etc.

We are starting to see the gains in student outcome. We're still in the early days, obviously. People like to criticize the government and say we've done too much too fast, but the phasing in of the curriculum is still not complete yet. We have grade 11 coming this next year, grade 12 the next year.

The first step was to change the curriculum, to put in place something that was more rigorous, had our students learning more of what they needed. The second step was to put in place testing so that we could start to have benchmarks, good, valid, credible data. That is starting to come in.

The third piece now is to start setting improvement targets and put strategies in place to meet those targets, and we started by asking schools to do it with grade 3 reading results and putting in place more money and more training and more supports so those schools can meet those targets. It's an important step, a significant shift in culture for the system, a shift that is starting to have payoffs, but we've got a long way to go.

Mr Wettlaufer: One brief follow-up: one of the concerns that a number of the students have had in my riding is the grade 10 literacy test. They're wondering, if

they fail it, can they retake it, and what supports are in place for them?

Hon Mrs Ecker: Yes, the grade 10 literacy test, again we phased that in, so this past year was sort of a trial run. Next year it will count, and students are allowed to take the test as many times as they need to. It is a graduate requirement, so we think it's appropriate that they have more than one opportunity. We put in place before the test was started significant new resources for school boards targeted to remediation in grades 7 to 10 for this. We changed the rules for this coming school year to make it more generous, easier for boards to use the money for this kind of activity. So we've put resources there.

The other piece that is important is that we saw, not surprisingly, that the grade 10 literacy results were not terrific, and that is because that is a snapshot of what the system was like, what the students were doing, what they were coming out with. They were coming out with literacy skills that were not appropriate, so that's what we are changing.

The Vice-Chair: The Liberals have 20 minutes.

Mr Kennedy: Thank you, Mr Chair. I appreciate the opportunity.

Minister, in part of the discussion from yesterday there was a little vagueness in the response that you and your staff gave around the idea of student-centred funding. Every document you have talks about how your funding is student-centred. If you look at your line-by-line envelopes, every one of them depends on the number of students, with the possible exception of teacher compensation. Yesterday there was some vagueness introduced to the idea that if boards lose students, they're going to lose funds. You introduced, again, an idea that some boards lost students and didn't lose funds.

We examined that and most of those boards, indeed a large number of them, did lose money. For example, the Grand Erie District School Board lost students and it lost money. That's what happened. It happened because your funding formula is tied to that. If you remember our discussion yesterday, there was some reluctance to identify just how much of that money will leave with the student because that's what the private school voucher, of course, will occasion. Even notwithstanding studies, you're giving an incentive—and an incentive has never been to discourage something, it's always to encourage something—and Grand Erie could very well lose more students and therefore will lose more money.

So I wonder, Minister, if you or your staff could acknowledge for us—again, we certainly acknowledge the authority sitting in front of us. We really would like to have you be a little more definitive. Our determination is that roughly 95% of your allocation this year, again, save and except the teacher compensation, is tied to the number of people. We're happy to have it, in writing preferably. But I'm wondering, given the intervening day, are you able to identify for us the percentage that is tied to the number of students and make that part of the public record today?

Hon Mrs Ecker: First of all, let's make sure the record is correct here. The Grand Erie board, based on projected enrolment and projected funding for this upcoming school year, despite the fact that they have a projected enrolment decrease, a quite significant decrease, they have an increase in revenue. So despite the fact they're having fewer students anticipated this year, we're giving them more dollars. I think that's an important point to recognize, because that is how we have been funding the education system.

The second point in answer to Mr Kennedy's question is that when you go down through the different grants, just about every grant has requirements in it that are not dependent on how many students. For example, let's look at special education. The funding can change in special education based on the changes in a student's needs during the course of a student's life, so that more money can be available for a student because they have higher needs. It can go up. In the foundation grant, funding can change depending on which panel a student is in. It's lower in elementary than it is for secondary, an issue which we've been trying to redress for elementary teachers, I should add. The geographic circumstances grants are variable outside of enrolment: the remoteness, the number of small schools, the distance from an urban centre, distance between schools. There are a number of funding components that do not depend totally on student enrolment. Obviously student enrolment is a significant factor. We've never claimed anything to the contrary.

Mr Kennedy: Minister, I know you're here to elucidate and not obfuscate. I know, for example, when you talk about the Grand Erie board—and I think the member is present—you'll want to acknowledge the operating purposes grant is down from \$198.483 million to \$196.889 million, so that we want to make sure that nobody goes away with the impression—

Hon Mrs Ecker: If you're elucidating, you should use accurate numbers, Mr Kennedy. The projected revenue for this school board is up, not down.

Mr Kennedy: Madam Minister, we're discussing here exactly the implication of student-based funding. And we're not talking about capital grants; we're talking about operating. They're your figures. They're published on the Web site and the people from—

Hon Mrs Ecker: You can't be, on the one hand—here you go again: "Let's pick the numbers to make my argument."

Mr Kennedy: Minister, you can rant and you can—

The Vice-Chair: Order.

Hon Mrs Ecker: That's what you're doing.

Mr Kennedy: You can take the Algoma board, the Bluewater board, any of the boards that are being cut.

Thank you, Mr Chair; a timely intervention. I'm sure the minister didn't mean to get off the topic.

Minister, in the Ontario Gazette, the regulations this year show the instrumentality of per pupil funding. I'm going to again ask you the question, because I think the people who are watching understand that you have access to all this fine staff and so forth. The question was asked

yesterday. I think people would probably deem it reasonable that you're able to give us a fairly precise understanding, if students are lost to this private school voucher, of how much money will leave with them.

I'm proposing to you that by your own formula—of course, it does depend on other factors, but the existence of a pupil is the key element that you've changed here—the student-centred funding makes it vary by rote, and I would suggest that it's about 95%. I'd be happy if you would table figures or at least give us the indication of what your preferred amount is, so that this is elucidating and not getting in the way of people understanding.

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Hon Mrs Ecker: First of all, let's correct the record. The Grand Erie board is receiving more money, not less, even now.

Mr Kennedy: Operating money, Minister?

Hon Mrs Ecker: They are receiving more money from the school board. You can't—

Mr Kennedy: Minister, why are you—

The Vice-Chair: Order.

Hon Mrs Ecker: Mr Chair, if he would let me finish. You can't say, "Let's only count part of the money we give them so we can make the Liberal argument that the school board is getting less money."

Mr Kennedy: The money that will be in the classroom, Minister.

Hon Mrs Ecker: They are getting money for classrooms, for administration, for transportation, for a whole range of things.

Mr Kennedy: Less of all of those items, Minister.

Hon Mrs Ecker: That is above, by the way, the enrolment decrease they are projected to have, and that is something.

Mr Kennedy: Minister, could you answer my question, or are you not able to answer my question?

Hon Mrs Ecker: So I think it's important that we correct that fact first, before we get into the questions.

Mr Kennedy: Minister, you haven't corrected anything, but could you answer the question?

Hon Mrs Ecker: Mr Kennedy is asking, can we break apart the grants? The grants have not been designed to be broken apart in that fashion. We've been very clear, but whether staff can do that, I don't know. Certainly they can take a look at whether that is possible to do in time here for estimates. We've always said student enrolment is significant, but we have also said that we are funding above that, because we think that's an important investment to make.

Mr Kennedy: Minister, you've again eluded the answer to the question that stands square in front of you. Last year you were unabashedly praising the idea that it's all tied to enrolment. You said that a number of times during estimates. I can understand why you're a little more reluctant this year, because, Minister, you're going to have to concede what is fairly evident to everyone else, that when your private school voucher comes in, it will be withdrawing funds from the schools.

I don't wish to underestimate the expertise that you've marshalled before us today. I see some 12 or 15 very capable staff, senior staff, I'm sure, supporting your efforts here today. I am sure that those numbers, if they're to be had, will be forthcoming. In the wonderful simplification that you promised us this year and last year in your formula, I'm sure, again, it won't obfuscate a very straightforward question: how much money, Minister, is going to be lost every time a child is induced to leave? I'll leave that question with you, because I've given you three opportunities now to answer between today and yesterday.

Minister, I want to focus on a different part of this. Earlier in my questioning—

Hon Mrs Ecker: That's because the government, Mr Kennedy, has been increasing public education funding.

Mr Kennedy: Minister, earlier today, when asked about how many schools, and you identified that the majority of students in a position to benefit from the private school voucher are indeed not in religious schools but rather in secular schools, you said that who would benefit would be determined by parental choice, and you gave the implication that they may choose not to apply because they have certain learning things that they want to do. Now you're here and we have a marvellous opportunity, because the bill isn't passed yet. You're the Minister of Education. You have your own considerable knowledge and the expertise of the officials. I wonder if you would tell us today what the conditions should be in Bill 45, sections 40 and 41. How should those be stipulated in the regulations, if must be? What would you, as the Minister of Education, recommend to the Minister of Finance be the conditions put on either the pupils or the schools or the eligible families or the eligible parts of tuition? In your work on behalf of public education, what kinds of conditions would you put on the private school tax credit? Do you have those conditions you could share with us today?

Hon Mrs Ecker: In terms of some of the other points that you've made as well here, and we'll take them one at a time, first of all, no one is proposing, that I am aware of, other than our critics, that money be taken from the public schools to be given to independent schools. So that's the first thing; I wish to make that clear.

Mr Kennedy: Minister, I'm sorry. Could you address the question I've raised?

Hon Mrs Ecker: I think that's important to make clear, because no one is taking money away from the public education system for independent schools.

The second point is that the Liberal critic makes an assumption that there are going to be a mass exodus from the public education system. It may come as a surprise to him that we have many excellent schools in our public education system that parents choose to send their children to because they think they are doing a good job for their children. So I think that should be also on the record. I do find it offensive that the Liberal critic keeps assuming that there's going to be hordes of parents

fleeing excellent schools in the public system. I believe that we have many excellent schools here.

Mr Kennedy: Minister, I wonder if I could interrupt your rhetorical flight and directly ask again the question—

Hon Mrs Ecker: It's not a rhetorical flight, Mr Kennedy.

The Vice-Chair: Order.

Hon Mrs Ecker: You keep talking about, there's going to be this great exodus, and that's my answer.

Mr Kennedy: Minister, this is a questioning period and you are honour-enjoined to answer questions.

The Vice-Chair: Order. Just one at a time, please.

Mr Kennedy: Minister, I asked you a very straightforward question. I asked you what conditions you would put on the private school voucher. It is laid out in fairly plain and bare form in sections 40 and 41 of Bill 45. I'm wondering, in your capacity as the chief executive of public education in this province, do you have recommendations, do you have conditions that you think are in the public interest that should be put upon this tax credit? Minister, you can answer no, but please don't take up any more of my time with other answers.

Hon Mrs Ecker: Mr Kennedy, if you hadn't interrupted me, I was getting to that point. You made a number of points in your previous question—

Mr Kennedy: It's not a debate, Minister; it's a question.

Hon Mrs Ecker:—and I do think it's important—

Mr O'Toole: He's interrupting. I'm so sick and tired of his rudeness.

Mr Kennedy: You won't take any of my time, Mr O'Toole. Control yourself.

Hon Mrs Ecker: As the Liberal critic knows, the legislation has been out for public hearings on the content of the legislation. There will also be consultation occurring around the regulations, and I don't think it's appropriate for me as a minister, or any minister, to start saying to those individuals who want to put their view forward, "No, you can talk about this, but you can't talk about that." I don't think it's fair to prejudge that. The government will be making decisions about the regulations and how they're worded and what will be included in them based on the consultations that will occur. I think that's a due diligent thing for any government to do.

Mr Kennedy: Yesterday you had no research to share with us. You haven't even studied the impact of this. So it wouldn't be particularly necessary—

Hon Mrs Ecker: That's not what we said.

Mr Kennedy: Then let me quickly find out. Do you have any studies, maybe from yesterday to today, that have been undertaken that you're prepared to table for the benefit of this committee that is charged to look at the functions of your ministry? Have you any studies completed on the impact of this school voucher upon public education? Do you have any?

Hon Mrs Ecker: As I said yesterday to Mr Kennedy, we looked at the experience in other jurisdictions—

Mr Kennedy: Can you table any of that today?

Hon Mrs Ecker:—concerned with the experience that they had in terms of exodus of students. We also had much material that parents and other groups—

Mr Kennedy: You did no research of your own, though.

Hon Mrs Ecker:—sent to the government. With all due respect to Mr Kennedy, I think it's important for us to be guided by the Minister of Education and the Ministry of Education, which have statutory responsibility to provide them with some expertise and some insight as to what the challenges might be.

Mr Kennedy: But I think it's startling that they can't be guided by the Minister of Education and the Ministry of Education, which have statutory responsibility to provide them with some expertise and some insight as to what the challenges might be.

Minister, you've said to us today that there are no conditions you're prepared to make public at this time that you recommend, and that is your particular choice to discharge your responsibilities. I think many people out there—

Hon Mrs Ecker: No, that's not what I said, Mr Kennedy.

Mr Kennedy:—would look to you for guidance, Madam Minister, and you're saying that you're not going to provide that to us today.

Hon Mrs Ecker: I said, if you're interested in listening, that I think it's appropriate—the government has said they are consulting on this matter. I think it's important for us to listen to what those consultations say before the government makes decisions. Now, that may not be the way the honourable member wishes to proceed, but I think that's a courtesy and a due diligence that a government should do.

Mr Kennedy: The Minister of Finance has been very clear. He favours very few conditions. He's had no such reticence. But nobody's speaking up for public education and saying, "Here's what needs to be done to minimize the damage this will do."

Minister, if you've got your head in the sand, if you believe there are no negative impacts, if you've done no studies and you have no recommendations, then I guess you have nothing to do with this private school voucher.

I want to turn, then, and ask a question through you to your staff—

The Vice-Chair: I would like to intervene quickly here. The bells are ringing for a 10-minute vote. We've got about three more minutes. At five minutes to, I will adjourn at that time and your time would end.

Mr Kennedy: Thank you, Mr Chair.

I'd like to know, Madam Minister: Mr Gooch made some assertions yesterday and I'm wondering, because the opportunity wasn't provided at that time, if we could speak to Mr Gooch directly or through your auspices around those particular assertions.

Hon Mrs Ecker: First of all, Mr Kennedy, we were quite happy to have Mr Gooch speak to you at great length. You didn't want to take advantage of the opportunity. But we'd be quite happy to—

Mr Kennedy: Well, not during your time here, Minister.

Hon Mrs Ecker:—do that as part of the committee here.

Mr Kennedy: If the government would nominate some other time, I'll be happy to take it up.

Hon Mrs Ecker: Oh, there we go. Let's ask for the information from an official, allege that somehow or other there's been something to stop it—he makes the offer to do it and then he doesn't take advantage of it.

Mr Kennedy: Minister, I'm not running the clock on all the time you're wasting, but it is obvious and it will be obvious on the record.

Now, Mr Gooch—

Hon Mrs Ecker: You know, Mr Chair, it's interesting. We've had questions here from the NDP—

Mr Kennedy: Mr Gooch, I'd like to draw your attention—

Hon Mrs Ecker:—we've had questions from my members. We've answered them fairly, openly. There have not been disputes or fights. There have not been disputes or fights when other Liberals have asked questions—

Mr Kennedy: Minister, I aspire to that standard of response from you as well.

Hon Mrs Ecker: But this particular individual seems to have a way of doing it—

Interjections.

Mr Kennedy: Mr Gooch, I wonder if I could draw your attention to the student-focused funding—

Mr Mazzilli: On a point of order, Mr Chair: The proper procedure is to have the question go to the minister, and the minister can send it off to one of her staff, but not directly. He does not have that right—

The Vice-Chair: It's a point of order, but again—

Mr Kennedy: In point of fact to this point of order, through you, Mr Chair, I direct my questions to the people being put forward and I'm happy to continue to do so.

Mr Mazzilli: To the minister.

Mr Kennedy: Through you, Mr Chair, my question is, there was an assertion made yesterday around a particular item and it is identified in the student-focused funding booklet that's available on the Web site, and a particular one-time phase-in payment was referred to by Mr Gooch yesterday and I appreciated his information, but I wonder if I can draw his attention to that. He identified the \$267 million which in every other year of presentation, phase-in payments, which are by definition short-term payments lasting over a few years, were part of the operating grant for operating purposes. Suddenly it was restated and \$267 million was taken out, as was \$39,720,000 for heating. I want to focus specifically on the phase-in grant. The ministry made an arrangement, if I'm not mistaken, with several boards, and you said so yesterday. These boards did not put this in the bank and not spend it, but instead I have in front of me what the various boards spent it on. Mr Gooch, or Minister—and

through you, Mr Chair—they spent these funds substantially on their operating costs in the year 2000-01. I have the individual breakdowns for each of the boards. For example, \$152 million was expended in the city of Toronto, and so forth.

The Vice-Chair: Order. Your time has run out. We have five more minutes to go, so the estimates stand adjourned until Tuesday after orders of the day. Thank you very much.

The committee adjourned at 1752.

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Tuesday 26 June 2001

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Ministry of Education

Journal des débats (Hansard)

Mardi 26 juin 2001

Comité permanent des
budgets des dépenses

Ministère de l'Éducation



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 26 June 2001

Mardi 26 juin 2001

The committee met at 1627 in room 151.

MINISTRY OF EDUCATION

The Vice-Chair (Mr Alvin Curling): We shall now commence the estimates for the Ministry of Education. When we adjourned the last time, the New Democratic Party was starting.

M. Gilles Bisson (Timmins-James Bay): Merci beaucoup. Madame la ministre, la dernière fois qu'on s'est rencontrés on a eu le plaisir de causer ensemble sur des questions qui étaient demandées par les jeunes de l'école Saint-Louis de Hearst et aussi de l'école Jacques-Cartier de Kapuskasing. J'ai eu la chance de finir une couple de questions qu'ils avaient et j'aimerais vous les poser.

Mais avant, je veux dire que vous avez fait la grosse panique aux conseils scolaires. Une couple de journées après, j'ai eu un téléphone disant que le bureau du ministre ou le ministère a téléphoné directement au conseil en grosse panique pour savoir pourquoi ces questions-là sont demandées. Je vais vous dire que ce sont des questions des étudiants, et c'est notre responsabilité, comme vous savez comme députée, de demander des questions telles que demandées par nos concitoyens, dans ce cas-ci de l'école Saint-Louis et de l'école Jacques-Cartier.

Hon Janet Ecker (Minister of Education, Government House Leader): Excuse me. I'm getting very bad reception, very low volume on here. I'm sorry.

The Vice-Chair: We'll just wait a second.

M. Bisson : Avez-vous compris ce que j'ai dit jusqu'à date ? Pas besoin de le répéter ?

Hon Mrs Ecker: No. I got it.

M. Bisson : Merci. Il y avait une couple de questions, et ce ne sont pas seulement ces écoles, mais il y avait aussi des rencontres que j'ai eues avec d'autres écoles. Par exemple, j'ai eu l'opportunité vendredi, comme beaucoup de députés de l'Assemblée législative de l'Ontario, d'assister à une cérémonie de graduation pour les 12^e année, dans ce cas-ci de l'école secondaire Thériault.

Il y a beaucoup de préoccupation faisant affaire avec la 13^e année. Ceux qui présentement sont en 12^e, on sait que l'année prochaine ils ont la chance d'avoir leur 13^e année, de finir les CPO. Mais il y a une question qui a été soulevée avec moi, la plus constante à travers le secondaire quand on se rencontre avec n'importe quel

étudiant ou même avec les profs et certainement les parents. Il y a une vraie préoccupation faisant affaire avec l'élimination de la 13^e année.

Ils me demandent de vous soumettre deux points. Premièrement, pour les élèves dans les régions éloignées des collèges et universités, ils se trouvent dans une situation—l'âge de ces jeunes est 18 ans, 17 ans dans certains cas—de faire leur graduation en 12^e et d'être forcés de déménager de leur communauté pour aller faire leur université après leur 12^e si on élimine la 13^e année. Il y a beaucoup de parents et certains étudiants qui pensent qu'ils ne sont pas préparés à faire cette transition et qui voulaient savoir : à votre avis, c'est-tu une situation qui doit être forcée sur les étudiants, de ne pas avoir la chance d'aller faire leur 13^e année dans les deux ans concernés ?

Hon Mrs Ecker: Thank you, Mr Bisson. First of all, I thought it was a very good use of the committee's time and your time and my time for you to bring forward the questions from students. I'm not aware of any calls. My guess would be—and we can certainly check with staff, if you'd like—that there might have been staff contact in order to resolve issues that were raised. I don't know, but I can certainly check. As far as I'm concerned, it's a very good, important use of committee time and I would encourage you to continue to do that.

Deputy, do you have anything further on that?

Ms Suzanne Herbert: I can speak to that. I think, M. Bisson, what we tend to do when we understand there's going to be a question coming from the field is that we have our field offices check to see if there's an issue we're not aware of. In this case you're correct: there was no issue.

M. Bisson : Seulement pour le record, parce que ça fait un peu la panique avec le conseil scolaire, qui ne savait pas pourquoi tout à coup le ministère téléphone, c'est juste pour dire que moi je comprends que ce n'était pas pour les engueuler ou les achaler. Je ne veux que démontrer pour le record que c'était seulement pour voir s'il y avait le besoin de répondre à certaines questions au niveau local.

Hon Mrs Ecker: The other point, just on the transition, in grade 13, as you know, there is considerable flexibility now in terms of how long some students take. Some go faster, some go slower, and it is certainly our intent to continue to have that kind of flexibility for students as part of the new curriculum. I quite understand

that some want to go faster and some want to go slower, and I think it's appropriate for that kind of flexibility to be there.

M. Bisson : Sur la question des jeunes, c'est une question posée par les élèves eux-mêmes et certains parents dans un meeting auquel j'ai assisté dernièrement, c'est la question de forcer des jeunes de 17 ans ou de 18 ans à partir de chez eux quand ils ne sont possiblement pas assez matures pour partir d'une communauté qui est éloignée de l'université. Comme vous le savez, ce n'est pas à chaque occasion qu'on a une université dans notre communauté, et ils veulent savoir ce que vous pensez, personnellement, sur la question des élèves qui partent à un âge assez tendre et tôt pour l'université quand ils aimeraient et préféreraient avoir une autre année à se préparer en restant en 13^e année.

Hon Mrs Ecker : The move from 13 years to 12 years makes us consistent with other North American jurisdictions. Ontario was kind of an outsider, if you will, in terms of being the only jurisdiction that was still doing 13. I quite agree that for some students an extra year is very useful for them, not only academically, but it might well be just because of their personal circumstances or their own level of maturity. So the flexibility to allow a student to take an extra year, if they wish to do that, should remain in the system. That is certainly the policy intent. It is a flexibility that is there now. I think it is flexibility that we need to continue to have in the system for students.

M. Bisson : Mais si je comprends la flexibilité, c'est à l'élève de répéter la 12^e année pour prendre d'autres crédits au-dessus de ce qui est requis. C'est la seule flexibilité.

Hon Mrs Ecker : They would be free to take additional credits. They don't have to repeat a subject they've taken, but they could. What some students do is split their credits, if you will, over two years as opposed to one year. It would certainly be our intent to continue to have that kind of flexibility for students. Some students, as I understand it, take a subject again. Maybe they didn't do as well, maybe they want to improve their mark, that kind of thing. What's important here is that we try to maintain as much flexibility as we possibly can.

M. Bisson : Oui. Il y a certains élèves qui sont contents de partir après la 12^e année, mais ce que j'ai trouvé marquant en 12^e est que plus que la moitié qui s'en vont aux CPO ne sont pas eux autres trop contents avec l'aspect de possiblement s'arrêter deux ans plus tard, de ne pas avoir cette chance. C'est le point qu'ils voulaient faire.

Le deuxième point qu'ils font : ce qui va arriver l'année que les 12^e et les 13^e finissent en même année, « the double cohort », comme on l'appelle en anglais, la préoccupation qu'ont les élèves, c'est que dans une année les gradués des CPO, de 13^e année, et aussi les 12^e année vont tous aller en même temps se pointer vers nos universités à travers la province : l'Université de Hearst ou Laurentienne, Lakehead ou Nipissing, Ottawa etc. On a peur que la sélection des élèves dans cette année-là va

être difficile à cause de la hausse de la compétition, avec beaucoup plus d'élèves qui appliquent la même année, puis ils veulent savoir, est-ce qu'ils vont être défavorisés quand ça vient à la sélection pour être capables d'être acceptés dans une université provinciale ?

Hon Mrs Ecker : I agree. Three years from now we have to be ready for a potential influx of young people into our post-secondary sector. That's why the government has started making the investments now, both operationally and for capital funding. We are expanding our post-secondary system now so that those spots will be there for students in 2003, because our goal, and the steps we are taking to get to that goal, is to make sure there is a spot for every qualified student.

You may have seen investment announcements and expenditures that my colleague Dianne Cunningham, the Minister of Training, Colleges and Universities, has been making, giving out money, if you will, handing out cheques to post-secondary institutions to get that work started. For example, in Durham region, Durham College received last year \$23 million to expand their college by some 3,000 to 4,000 spots. That's just one particular college. We have already started those investments, as we should, to make sure those spots are there.

M. Bisson : Ce n'est pas la situation partout, parce qu'on parlait des collèges et c'est une question, mais le gros problème, c'est dans les universités. Par exemple, l'Université de Hearst, qui est dans ma région, n'a pas eu une augmentation sur leur base. Ils ne s'attendent pas à en avoir une immédiatement. La raison pour laquelle je demande ma question c'est que, quand j'ai eu la chance de parler à l'Université de Hearst, eux autres m'ont dit qu'à ce point-ci il n'y a eu aucun contact de la part de votre collègue la ministre M^{me} Cunningham, ni de son ministère—d'être capable d'accommoder ces élèves dans trois ans, quand tous ces élèves s'en iront vers l'université. Si on n'a rien en place comme cela, pourquoi est-ce que les élèves doivent avoir de la confiance qu'il va y avoir quelque chose en place dans trois ans si nos universités n'ont pas été contactées déjà ? Il n'y a pas de plan à cet égard.

Hon Mrs Ecker : I'd be quite happy to refer your request to Minister Cunningham. It's her ministry that does deal with this. But the investments we have and will continue to make have been for both colleges and universities. I can't speak to the specific indication in Hearst. I'd be quite prepared to raise that with Dianne, or you're free to do it yourself, if you'd like.

M. Bisson : Bien, c'est un point que j'ai déjà soulevé avec la ministre. On a déjà eu une rencontre. Ça, c'est une des questions, mais c'est une préoccupation des jeunes parce que, comme on le sait déjà, la compétition pour être capable de rentrer dans un bon programme est assez difficile. Le coût d'être capable de s'abonner à l'université et de partir de chez eux pour une période de huit mois, pour être capables de suivre un programme, est assez dispendieux. Ces élèves disent, en 11^e, en 10^e année présentement, « On a un peu peur que, quand ça vient à notre tour de faire une décision d'aller à l'université, ça

va être beaucoup plus difficile dans trois ans que présentement, » à cause de cette augmentation de compétition avec tous ces élèves qui arrivent à l'université en même temps. Ils me demandent, et je vais envoyer les réponses à ces élèves, à ces écoles : au niveau secondaire dans les écoles que j'ai rencontrées, ils veulent avoir une certaine assurance que ça ne va pas être plus difficile d'être capable de s'abonner à une université dans trois ans que présentement.

Hon Mrs Ecker: It should not be, because of the investments that we're making now to make sure that there is a spot for every qualified student at a post-secondary institution, whether it's college or university.

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I think the other thing that's important to recognize is that the so-called double cohort—if students continue to follow the practice that they have followed in the past, some students take longer and some students don't take as long. There's a great deal of flexibility in how students approach that final year. So it's not like we'll have a graduating class times two, necessarily.

Be that as it may, I understand the concern of students and parents and I quite appreciate your bringing that up here. That's why we've started to make those investments now to expand the post-secondary system to make sure that those spots are there. As I said, I can't speak with any knowledge about Hearst specifically. That is Dianne Cunningham's responsibility. But I'd be quite prepared to take your concern to her and see if she can respond more directly and appropriately to you.

M. Bisson : J'ai seulement une question, et c'est possiblement votre staff qui a besoin de répondre : combien de gradués passent chaque année des CPO à l'université ? Est-ce qu'on a ces figures, environ ? Grade 13 CPO.

Hon Mrs Ecker: We can certainly get the graduate numbers.

M. Bisson : Je me demande si votre collègue a ces chiffres-là.

Hon Mrs Ecker: We can get that for you.

M. Bisson : C'est un peu mieux parce que je ne suis pas sûr des chiffres.

L'autre affaire, puis ça encore revient un peu à la réunion que j'ai eue à peine une semaine passée—non, ça fait deux, trois semaines. On s'est rencontré avec un groupe de parents qui ont demandé de nous rencontrer faisant affaire avec l'éducation spéciale. Vous connaissez très bien ce dossier, j'en suis sûr. Mais un problème qu'on a, c'est que dans nos communautés il y a beaucoup de parents avec des enfants qui n'ont pas l'habileté d'accéder aux services nécessaires pour donner à ces jeunes-là le support dont ils ont besoin pour être capables de fonctionner à un niveau qui les aide à faire la compétition avec les autres jeunes dans les écoles. Puis je pense que c'est un peu la situation avec d'autres députés. Je m'imagine que vous avez les mêmes questions que nous, on a dans nos bureaux de comté. C'est qu'il y a l'air d'y avoir plus d'élèves aujourd'hui que jamais qui ont besoin de services d'éducation spéciale.

Ma première question : y a-t-il une hausse du nombre d'élèves qui ont besoin d'avoir des services d'éducation spéciale ? En as-tu une hausse de demandes ? De là, on va aller aux autres questions.

Hon Mrs Ecker: Certainly we can table numbers, the data that the ministry has available. When we're calculating the grants that school boards get, the anticipated number of students with special needs within a school population is part of the calculation.

Secondly, one of the reasons that we've been spending the time with our education partners, with the school boards, on the identification process, the ISA process, for students is so that we are going to have good baseline information, accurate data about the needs of students and the number of students. One of the biggest challenges in the special education field has been the fact that neither the ministry nor the school boards had good data. That's not a criticism of anyone; it's just a statement of reality. One of the things when I was first appointed minister that I was quite shocked at, quite frankly, was how previous governments and school boards hadn't collected that information, so it wasn't really there. It would have been very helpful for all of us in terms of making sure resources were there. We've been going through that process.

A year ago I announced a three-year plan to deal with a lot of issues around special education that included more money and trying to get those data, to make sure that all the ISA cases were done and everything else, the data were in, so we knew what was happening, and that we had good program standards at a variety of levels so that school boards were clear on what they should be providing and so that parents could be clear on what kinds of services or range of services would be available for their children. We're halfway through that process, and while we can certainly point to some improvements, there is so much more that needs to be done.

M. Bisson : Quand est-ce qu'on peut s'attendre à ces améliorations au système ? Parce que moi, je vais vous dire présentement, comme vous le savez bien et les membres du comité aussi, les parents sont en pleine crise. Ils regardent leurs jeunes, qui n'ont pas les services dont ils ont besoin. Ils savent qu'à long terme, ça ne va pas rendre les affaires plus faciles pour leurs jeunes. Ils veulent savoir, quand est-ce qu'ils peuvent s'attendre à des améliorations ?

Hon Mrs Ecker: One of the things we have been doing is making those changes now. For example, since 1998-99, there has been a 17% increase in funding for special needs, which I think is an important improvement. School boards this year for the first time have started to use standards for individual education plans and board programs. The ministry has just done some spot audits to see how well those standards are working. So some of those improvements are indeed already in place. But again, a lot of those decisions about what and how resources are used still remain with school boards, and they have the responsibility to make a lot of those decisions. I appreciate that it can be a challenge in some

communities. We've been working closely with the boards to put in place those changes so we can continue step by step to try and improve services for special-needs kids.

M. Bisson : Mon collègue a des questions.

Mr Tony Martin (Sault Ste Marie): In response to that answer, I was in Ottawa on Friday and continued to read over the weekend that in fact the Ottawa school board is now saying that they can't do it. Given the legislation that you're pushing through the House here these days which will make it illegal for boards or any public body funded by the provincial government to run a deficit—and I suppose they can even be liable personally or individually—they can't do it. They can't cut programs, but they can't pay for what they know they need. How are you going to respond to that?

Hon Mrs Ecker: As you probably appreciate, there has been balanced budget legislation for school boards in existence in this province for many years. That's not a new requirement for school boards. I appreciate that it's a very difficult challenge for school boards to make at any time. That challenge has not changed.

Our staff has been, and continues to be, available to be of assistance to school boards in terms of what advice we can offer, but the obligation for school boards is to submit balanced budgets to set appropriate priorities, and they do have a great deal of flexibility in terms of how they allocate their resources. The Ottawa-Carleton board, for example, did receive increases in special-needs funding and in their overall spending, increases that were above and beyond enrolment increases. I appreciate that's always a challenge, whether it's a school board or your own household budget or any other organization where you're trying to set a budget.

The Vice-Chair: I think your time is up now. The time really runs pretty quickly.

Mr John O'Toole (Durham): I'll be sharing my time with Mrs Mushinski as well. Minister, I appreciate your responses today. Specifically, I want to put on the record a couple of things from your ministry. I'm looking at a document which shows funding of elementary and secondary schools, and that projected 2001-02 revenue is over \$13.8 billion. We hear these numbers all the time, but it's important to be clear about it. That's a \$976-million, or 7.6%, increase relative to 1995 spending levels, while at the same time we had enrolment increases of 4.2%. So there is an increase in real numbers, and it is a problem for some boards. I know that.

In sitting in on Bill 45, I heard from lots of different people, including from Ottawa. I didn't see Mr Martin there; he must have just been in town for the weekend or something, because he wasn't at any of the hearings for the entire time I sat in. I heard from presenters during that whole process, which really was a budget deliberation. This is a presentation I'm reading from—and these are not my words—submitted June 14 by B'nai Brith Canada. I think it's important. Their comments were in a very general sense about the debate that Mr Kennedy and others were trying to provoke about how

there isn't more money. Mr Mackenzie is one of them. His numbers have been basically refuted as the starting point of the problem, from where he calculates his numbers. The 2.8 number, all that stuff, is so much food for the cannons.

In the presentation from B'nai Brith on June 14, it says that proponents of public education appear to be more interested in fighting to preserve an inadequate status quo than in fighting to create equity for children. So there is a suggestion here, and not just in this presentation—that's one I'm citing for the record—that the status quo, the reluctance to change, is clearly a part of the whole debate. Until you can get past that, you can't talk about specifics.

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I think Mr Ibbitson's article in the *Globe and Mail* on June 23 had a pretty good summary. It's not always favourable, but I will cite again from that article: "It is true that today's education system is a far cry from the one the government inherited six years ago. Then, vested union and administration interests protected a discredited pedagogy, education taxes rose remorselessly to no good end, and too many students read, wrote and calculated bad, if at all."

Ms Marilyn Mushinski (Scarborough Centre): Badly.

Mr O'Toole: "Badly." I'm one of those students, perhaps, but that's a debate for another day. I'm just trying to put the record straight.

Minister, I want to put to you, and probably put to rest if possible, not just the Ottawa citation but the rest of the citations that we're hearing. If investments in education are appropriate, is there in any way a relationship between putting more money in and getting more results out? I'm not just trying to make this into a production environment. Over the last number of years, education spending has risen and education achievement has not risen. Isn't this something to do with giving our children the right competitive skills for the future and making sure that we have the right opportunities for children, and not for the status quo of the system?

It upsets me. As you know, my wife's a teacher and my daughter's a high school teacher, and at the classroom level there are challenges. Administratively, they're travelling to different countries investigating all the best practices. I'm not sure. The bottom line is that the children seem to be the less—even in Ottawa. Mr Guzzo sat on the committee. He's the member from that area. He said that that board has physical assets they have not disposed of. I would say that in Toronto, the whole debate is about sharing schools, or Toronto's selling schools to the separate board—there's no willingness to move forward. They've got assets in Toronto that they want to rent to the separate board. The ministry doesn't cover rental, as I understand it.

Maybe we could just start with a general response to my first statement, that we've increased funding; and then the second part, that if there were more dollars, what

more are we achieving from this part of the equation? Is that too broad?

Hon Mrs Ecker: No, I think it's the number of points that you've raised, actually. One of the interesting things is when you look at the data, increased spending does not necessarily give you increased student achievement. As a matter of fact Ontario, when you look at the data, was one of the bigger spenders, yet our students were among the lowest performing on many testing processes that were done—not by Ontario but by international and national bodies which do this kind of thing. What we are shifting to is a system that does measure the outcomes of student achievement, that does ask how do we improve students' ability to learn, as measured not only by testing—testing is certainly one significant measure, but not the only measurement of student success—but the other assessments that teachers use, and also, to put in place appropriate benchmarks to measure how effective schools are. We'll be receiving further advice from our task force in the future on that about how to set those benchmarks to make schools so effective.

The goal here is not to be the jurisdiction where we can stand up and say we spend the most, because that's not how you guarantee improved student achievement. Our goal is to stand up and be able to say we have an education system here in this province where our students can perform the best, can learn the best, can be getting the skills and the knowledge they need in order to succeed.

The other thing I'd like to stress, since you mentioned it, is that one of the things I think is always very helpful for people to appreciate is that many members of the government caucus are not only teachers themselves, but have spouses who are teachers, and children, grandchildren, brothers and sisters who are teachers in the public education system, and also have children in the public education system. The members of this caucus share with parents across this province a major stake in making sure that our public education system can continue to grow, to solve problems and to get better for our students.

Mr O'Toole: I do want to share some of my time. There's an old saying that goes something like, "If you measure it, you are in fact preparing to achieve it," and if you're not setting goals and objectives, you have some difficulty benchmarking. I think it's important, not just in a competitive sense, but for each individual to reach their potential. I think of my five children. The parents need to have good feedback, the students need to have good feedback, and in an appropriate manner. It doesn't always have to be a carrot-and-stick approach. It can be important for them to realize where they are at certain times in life.

That being said, I suspect the debate's over, that testing and student achievement is a relationship which is widely supported, not just by Mr Ibbitson, but by many educators who have said very positive things about it. It's important to recognize that Mr Cooke, when he was the Minister of Education, had the Education Quality and

Accountability Office as one of his initiatives. The whole issue of testing was introduced. I have the 1994 press releases and I commend him for that—striving for student excellence and student quality as if they're bad words, that this feel-good, fuzzy, wa-wa stuff that really lacked any sense of, dare I use the term, accountability.

But that being said, I had a good part of 30 years in the systems world; I was a programmer. I was always amazed to go into classrooms and find books and all that stuff piled around the computers. Quite honestly, when it comes to student testing, the issue I'm trying to make here is teacher testing. Now, is that a bad word? Is that some kind of threatening relationship? No, I think it's an appropriate professional development.

I was talking to my brother-in-law on the weekend, who is a very skilled architectural draftsman. He had to retire basically because it all went into a three-dimensional CAD/CAM system where the skills then didn't match the skills now. I was at a General Motors presentation a few weeks ago on how they train all their hi-tech mechanics on cable television—on-line, interactive television. The dealers in Calgary and Montreal don't have to travel to Toronto. They can log on and take the course. It's interactive now. That's what I see for education in the future. It's an exciting opportunity, not just distributive learning.

The question I have is with respect to the 14 credits, or whatever the teachers have to achieve over a five-year period—and I think of my daughter this summer taking a couple of courses and planning and talking to her, and my wife has always taken them. I don't see this as a problem for 98% of the professional teachers I'm familiar with, including members of my own family and extended family. This is a specific one, because I haven't seen many of the regulatory-type details, but of the 14 credits over five years, would a professional development day, if it was behaviour management or classroom management, count as a credit? Would it involve a full, annualized credit from a university? Give us some of the choices and options that both exist today and what you envision as the Minister of Education for the future. Is it something that should be rather routinely achieved by a professional trying to maintain credibility and quality education for the students in their classroom? Is it something they should see as threatening and intimidating, or is this all kind of Liberal or opposition rhetoric?

Hon Mrs Ecker: We certainly have seen that our critics like to interpret many of the initiatives we are putting forward, which are basically initiatives we promised the voters that if we were elected we would move forward with, and we've been moving forward with the advice and the input from our education partners.

A comprehensive teacher testing program is not something that is unique to Ontario teachers. The requirements that we are phasing in over the next several years are requirements that are very consistent with what other jurisdictions are doing with the teaching profession and what other professions do here in Ontario, whether we're talking about doctors, dentists, nurses, architects,

professional engineers, insurance agents or any range of folks who are out there.

1700

Different levels of quality assurance or professional development assessment evaluation tests are in place in other jurisdictions for teachers and in other professions around the world and in Ontario. So we went to best practices in other jurisdictions and other professions; secondly, we took the advice of our education partners; and thirdly, we looked at what the research said was an appropriate quality assurance program for teachers.

One of the initiatives that is before the Legislature now, the legislative framework for that—and if passed by the Legislature would start being phased in this fall—is the requirement for recertification for teachers based on a series of professional development activities. It's important to recognize that the Royal Commission on Learning, in their report in 1995, had all three parties' support. It recommended a mandatory recertification program. That's what we said we would do if we were elected, so we've been moving forward to do that.

Professional development activities that teachers will be engaging in are very similar to the kinds of things they're already doing, whether they are board-sponsored in-service or professional development courses, whether it's the summer institute for teachers that the ministry pays for—every summer we've been putting that in place for teachers—or whether it is what they call additional qualifications—the AQs—that teachers can take which result in salary increases, which they can get from faculties of education. Faculties put on courses, the teachers' federations and the unions themselves have courses, and many of these will be able to be counted as appropriate professional development activities.

The kinds of activities teachers will be asked to engage in are courses that upgrade their curriculum knowledge—very basic and straightforward. Many teachers are doing this already and see it as part of their job. Student assessment, special education, is a very important priority, as our level of knowledge about the different exceptionalities—how to recognize, identify, and help those students learn—increases, teachers need to continue to upgrade. And again, many are doing this anyway. Teaching strategies, classroom management, leadership, the use of technology and communicating with parents and students are the sorts of streams of professional development activities that teachers will be pursuing.

Ms Mushinski: How much time do I have? About five minutes?

The Vice-Chair: That's right.

Ms Mushinski: I just have a couple of fairly quick questions of the minister. I recently met with the chairs of one of my parent councils for an elementary school in my riding. Actually, she's the chair of the parent council for a school that my children went to. We spent about an hour going through some local challenges, not the least of which was the need for developing some joint options between the school trustee and the local councillor and

myself to improve safety for the children going to that school. This had been a problem even when my own children went to the school.

Coming out of that discussion, which was a few days after the end of the support workers' strike, the chair of this parent council lamented the fact that the parent council felt it lacked any sort of strong influence on the ability to encourage the teaching staff to strongly participate during the strike.

I was particularly pleased to see that you have included continued support of the Ontario Parent Council in your estimates. I'm wondering if you could explain to this committee the changes you've made to the OPC so that parents feel they have more hands-on influence—I won't say control—in their local school's day-to-day proceedings. After all, it is parents who are really impacted most by what goes on in the classroom for their kids. I guess I need to see from you, through your estimates, some commitment to ensuring that principals and school boards not only consider the advice of school councils but that school councils play a very important role in the day-to-day administration of education in our local schools.

Hon Mrs Ecker: The involvement of parents in a school, in education, is extremely important for two reasons. Not only do parents intuitively know—and I guess parents don't need research studies to prove this to them—but the research clearly indicates that when parents are involved in a child's education, the child does better; and not only that, the school does better, the system does better. Some of the research has actually suggested that parental involvement can be as important a quality indicator as good teaching, which I think underlines the importance of it.

A couple of ways we've tried to encourage that is through the school councils, where parents have the opportunity to be involved at the school level. New regulations that were developed in consultation with parent groups, parent councils, will be coming into effect for this school year. They've been released. They've been out for many months now, and we've actually had training sessions across the province for parents on school councils. They clearly outline the role. It says that principals and school boards, for example, must consult, must ask for the views of school councils. They must report back to them on what happened to that advice, how it was considered, how it was factored into whatever decision a principal or a school board made.

The regulation makes it clear that school councils can offer advice on any matter they think is important to them, although there are some specific areas where we want to make sure they are included, such as under the code of conduct, behavioural codes, setting of uniform policies or dress codes for students, safe schools, the school improvement plans, how to take test results and benchmarks, and work with the staff of the school to make the school better. So there's a whole range of things they need to be involved in and the regulations will help make that happen. As I said, we have training,

and we have a handbook and those kinds of things to help parents in that.

A couple of other things are that principals are receiving training, and some of the professional development for teachers. We've also expanded the Ontario Parent Council. They now have regional representation. They elect representatives. So we have a province-wide body that can give advice to the government on behalf of parents. It's an important initiative.

Mr Gerard Kennedy (Parkdale-High Park): Minister, I want to draw your attention to the matter we discussed somewhat inconclusively last year but which has now really come to a head, and that has to do with your responsibility for special education: the amount of money and the resources that individual children in the system are getting and the process by which they are to obtain that kind of assistance.

With us today are a number of people. They are parents, and if I may say, fairly extraordinary parents. They are here, and I think you appreciate, Minister, that they represent themselves, but also, without trying to, they represent many other people. I'm going to introduce them for the record: Linda Carey on behalf of her seven-year-old daughter Emily, from Hamilton; Karen Dunbar, daughter Carleigh; Donna Cooper on behalf of her son Steven, of the Kawartha Pine Ridge board; Wendy Johansen for her son Travis; Kathy Payne-Mercer for her daughter Laura; Mark Jeppeson for his daughter Hanna, from Hamilton; Anna Germaine, here with her son Mathew; Mrs Rosenberg was here earlier, from York region; and Linda Belthofsky is here. I think her daughter Sandra had to go to a birthday party.

1710

We have this number of people here on a very serious matter. Several of the children just named can't go to school next year, Minister. The people who are here today are here to demand your attention to this because they believe you are substantially responsible.

I want to relate to you the circumstance. I want to ask you about the contradiction of the song and dance we've heard of late about money and resources being available. The reality is there are not resources being made available; resources are being withdrawn. These nine parents we have today represent five or six different boards, and I can tell you it is happening in boards across the province. Parents are being informed that the needs of their children haven't changed but the assistance they're going to receive has.

To be very specific, we have Emily Carey, who has been told that she won't have a full-time assistant next year. Similarly, Carleigh Dunbar, in the same school in Hamilton, has been told she will not get a full-time assistant. It means they can't go to school. What they've been told is, there have been expanded needs at that school but there have been no expanded resources. The children are spread out over too many grades for resources to be shared.

These parents will not send their children to school unattended. Both of these individuals—without trying to

generalize—have very specific health-related conditions serious enough to warrant this support. It's what the principal of the school, Mary Johnson, has asked for and it is what the board has said they cannot provide.

You will know from your previous experience that the Hamilton board does fund special education from other pockets. It takes money that could be used, for example, on textbooks and uses it on special education. But every year they've been able to take less and less from other programs to support these initiatives because your funding has been drying up.

The parents are here and they would like to hear your very direct response. What are you prepared to do to ensure, if not guarantee, that their kids can go to school next fall?

Hon Mrs Ecker: I think you and I would agree that every child, regardless of their particular exceptionality, deserves a good education. This is especially true for students with special needs. That's one of the reasons we have increased special education funding for the system some 17% since we've been—

Mr Kennedy: Minister, with respect, we have a number of—

Hon Mrs Ecker: Mr Kennedy, excuse me. You asked me a question. I'd like to answer it.

Mr Kennedy: Fine.

Hon Mrs Ecker: That's why we have increased expenditures, why we're asking boards to be accountable for how they spend and why we have parent groups, SEACs, who advise school boards. But I think it's also clear to recognize that it is a joint responsibility between the ministry and the school boards as to how programs actually get delivered on the ground, and school boards make those decisions. I appreciate that many times there are difficult calls and decisions that school boards have to make, but I think it should be stressed that the funding that has been made available for special education needs across this province does continue to increase. We are also continuing to make changes to put in place better standards, better ways to assess and recognize that the needs of those students—

Mr Kennedy: Minister, I am going to interrupt you. I believe I've given you adequate time to answer my question, which is, what specifically are you going to do? I'm very concerned that all over the province students are getting notified that they can't have the support they need to be able to go to school, and you're feeding us back, "It's somebody else's responsibility."

Hon Mrs Ecker: No, that's not what I said, Mr Kennedy.

Mr Kennedy: Your funding has not kept pace with any reasonable measures in these boards from this year to last. I can cite you the figures, but I'd rather talk about these people. Two people I mentioned, Emily and Carleigh, have been told they can't have full-time assistants. They've been through the process—and we're going to talk about the process in a minute, because I gave you what I thought was a very important opportunity last year

to assure people and you declined to do that. I'm going to come back to that.

Hon Mrs Ecker: No, I did not, Mr Kennedy.

Mr Kennedy: I wonder instead, though, if you would address the situation of these two young girls. In fact, because the parents have asked me to, I'm going to pass you their pictures and I'm going to ask you to pass them along to the rest of the committee, because this is as substantial as it can be. I want to know what, from your position of responsibility—and I argued in the House in my statement this afternoon that it's a particular and unique responsibility. I don't think we have a greater one in terms of this area than for these particular children whose parents have to provide so much care. I think these are our responsibility in a very special and significant way.

I'm going to quote to you from some of the parents, but I want to give you another opportunity. Again, they see you as responsible. They understand the system very well. What they want to know from you is, in the face of these kinds of cuts that would keep their children, Emily and Carleigh—and you have the pictures in front of you—out of school next year. They're not kidding. This is not a ploy. They have better things to do than spend their whole afternoon in the Legislature this afternoon. They are here because they want to know what you, as the responsible official, are going to be able to do. And it's not just these two and it's not just these boards. I'm wondering what you can tell us, anything tangible, that you're prepared to do to ensure that these children—there are nine of them represented today, but I can guarantee you there are hundreds more—are going to be able to go to school next year safely and in an environment that is proper and good for them to learn. This is new, Minister. It has been happening over the last couple of weeks. They've been advised that the money is not there, the educational systems aren't there, and the parents are turning to you.

Hon Mrs Ecker: Are you finished? As I said before, we have increased expenditures. We will continue to do that for special-needs children. The decision about how that gets allocated is a school board responsibility. That's not to point figures at anyone; that is the way education and educational services are delivered in this province. We have been working with school boards to increase those resources to make sure there are standards in place and that programs are there for students. Students deserve a good education. Students should be at school and they deserve to be at school. But I must also remind you, Mr Kennedy, that when we did bring in legislation to give us the ability to ensure accountability, that school boards were meeting the rules to provide services, it was legislation you voted against. You did not agree that we should be holding boards accountable for providing services to special-needs children.

We will continue to increase resources, as we have. We know there needs to be more. We also know there needs to be continued improvement in how the money is allocated to boards and how they provide those programs

to parents. That's why we've put in place, and are working with boards to put in place, good program standards and accountability measures for parents. It's extremely difficult for a parent with a special-needs child. The parents who have special-needs children are incredibly committed and dedicated and work very hard to advocate on behalf of their children. I think you and I would do the same if we had a student with special needs.

Our commitment is to continue to invest new dollars and to continue to have improvements in procedures. We will continue to do that. If there was any magical solution to solve all those problems overnight, everyone would be waving that wand, but there isn't. We will continue to work with our partners to provide these services, but we do not, as a government, make those individual decisions. That's something that has to be made at the school board level between the school board, the principal, the teacher and the parent.

Mr Kennedy: Minister, I know you don't mean the implied condescension there that says to these parents that somehow this requires a magic wand, that this isn't something that can be tracked back. They can see, for example, that the amount of money going to their boards is almost nothing this year, is less than 1% for special education. Less than 1% is going there. I have the figures right here in front of me. We can waste time, but I prefer not to.

Hon Mrs Ecker: Mr Kennedy, that's not a correct interpretation of the money that has gone forward to the school boards.

Mr Kennedy: Minister, I'm going to ask you to refrain yourself, to answer questions and not try to pull away from the point of the question.

The point of the question is, you have so far declined any active involvement on your part to do something for children whose parents have brought a new circumstance to you. In the absence of saying there is something new that you're prepared to do, you're suggesting this is the rightful outcome of the rationing that you've got going on around this province.

1720

Hon Mrs Ecker: That's not what I said.

Mr Kennedy: They know full well how this system works. They have been through it. In a minute we're going to turn to the paperwork grind you've put them through which demeans them and their families.

Minister, I want to give you one more chance, because this is for the written record if not for a result. I would hope for the result and I will pass on my round of questions if you actually provide to these parents some action steps you're prepared to take. We're at the end of the school year. They've been told by their boards that they can't have the education assistants who have helped to make their children successful in school. They deserve to be there.

It is linked, it is directly consequential to your funding decisions that these boards are making these reductions. Is there something—anything—you're prepared to do

over the course of the next days, hopefully, or weeks if necessary, some new action you can offer to ensure that these kids will be in school come September?

Hon Mrs Ecker: Mr Kennedy, as you well know, any Minister of Education does not have the legal ability to order a school board to make a decision as to a particular child. That is just not in the legal framework. That is something school boards have the responsibility to deal with. That's not new; that continues.

But in terms of specific steps, we have taken and will continue to take steps to try and resolve these issues. We have more dollars which we are continuing to put forward, better standards, accountability measures, working with the boards, mechanisms by which parents can access appeal mechanisms if that's what is takes in some cases—and it has. The ministry has been working with school boards to resolve these issues in many communities. We will continue to do that.

It is also important to recognize that school boards asked us this year for additional flexibility in how they received their money. So it is therefore not fair to somehow say, "There was only this amount in the particular category." School boards received increases above enrolments and those increases can be used for their highest-priority areas. As you quite rightly say—and I have said this publicly many times—many school boards have found savings in other areas to increase special education funding, and I think they are to be commended for doing that. We will continue to take steps to—

Mr Kennedy: Minister, you're condoning a practice that has them cannibalize things that are needed elsewhere for an extreme need in another place, and you know what the result has been. Year after year they've had to cut back from that. That's been taking place every year. You further know they are laying off educational assistants all around the province.

In your own riding of Durham, in that school board, they restored 24 educational assistants not because your formula was flexible but because they dipped into reserves. They took \$2 million out of reserves, and that's going to be just another short-term solution. That just cuts off anxiety for a short period of time.

For example, for Kathy Payne-Mercer and her daughter, Laura, they may be able to continue to receive it. They don't know yet. I think they're looking at about a 0.6 that they have to share, as opposed to a full-time, but it was a last-minute reprieve by the board, whereas in the Kawartha Pine Ridge board, where they are looking at larger deficits and so on, they've made the cuts of education assistants. There are fewer there now for more children.

You can dance around all you want and say there are all these other things happening, but that's what is occurring. I am a little surprised that you're not aware of this.

Hon Mrs Ecker: Mr Kennedy, that is not an accurate statement.

Mr Kennedy: I'm a little surprised that you're not providing some more substantive response to say that

you're going to do something about this. When you said you gave flexibility, you gave an amount of money that was palpably less than inflation and less than enrolment and you've set up a situation where every single need the board has will then fight for it. The board has no recourse to get extra money except you, Minister, except here today.

These are the needs. These are the children. There are many of them. Their needs are here. It's the end of the school year. Will you do something specifically for these families, and the others who are in similar circumstances, to make sure they are in school next year? Will you, as the Minister of Education, do something specifically?

Hon Mrs Ecker: Mr Kennedy, we continue to do many things to try and assist school boards to resolve these issues, to make sure that students are receiving the education they need to receive. How the money is allocated, the decisions that are made at the school board level, are the school board's responsibility. That is a statement of fact. That has not changed. That is the same position, as it has been and will continue to be.

We have increased resources. We will continue to do that. We've received a number of recommendations about how to improve the process for identifying and assessing children. We're moving forward to make those changes as well, and our commitment to continue to improve in this area continues.

I don't think it is fair or accurate for you to suggest that somehow or other you have the monopoly on compassion. These parents do need assistance. We are taking steps to try and provide that assistance. I am the first to say, as I have said many times, that we all need to do more, and we are continuing to do that.

Mr Kennedy: Minister, you stand here to be accountable. This is a committee of the Legislature. This is the only place of recourse for you to actually be held to some account for whether or not the compassion that everybody would like to see flow through your ministry reaches these kids, and so far there has been nothing that you have put on the table.

I am going to turn right now to that system. You talked a little bit about—

The Vice-Chair: Just a caution, Mr Kennedy: you have about two minutes.

Mr Kennedy: I'm going to give you some notice, Minister, so hopefully we can engage in a helpful discussion around what you called "getting the data" earlier today. You talked about reforms. You talked about it this year and last year and I'm pretty sure you talked about it the year before.

You have these families on a fruitless paper chase that does not deliver any benefits to their children. You know about it, you condone it, you let this happen. These families are required, by your rules, to have their children described in very negative terms—in fact, excessively negative terms—in order to qualify for funding. After they fill in the forms, after they gather up the health professionals in their scarce time, some of them paying out of their own pocket to get those assessments done so

they can fill in your forms—I have them here, and you know that you prescribe these forms and how and when they should be filled in—they are audited, just sampled by your ministry. You know that at the end of the day there is no benefit to be derived from those specific children. In fact, you end up giving a lump sum for special education, and especially for the intensive support amounts, back to the board based on some previous year.

The principals are saying that 20% of the time is being spent on this; \$80 million being wasted on your paperwork. I asked you last year if you would bring it down to 10% or 5%, if you would lift some of the burden on these families. Minister, you made no such commitment then. I want to ask you today—

Hon Mrs Ecker: That's not true, Mr Kennedy.

Mr Kennedy: —specifically to adopt some form of target or scrap the system altogether, because there are many parents in this room who see it as harmful, and not helpful to their children being able to get a decent education.

The Vice-Chair: That concludes the time for that, Madam Minister. Mr Bisson, before I give it to you, I will ask Mr Peters to assume the Chair.

Mr Bisson: For the committee, I'm going to have to be back in about 10 or 15 minutes. I may not get a chance to change if I finish my rotation. We'll just take the time later in a future rotation, whatever we don't use, if that's OK with the committee. Any problem?

Ms Mushinski: I'm not quite sure what you're asking.

Mr Bisson: All I'm saying is that I've got 20 minutes and I'm going to use about 10 or 15. I have to run back to the House. I would ask that whatever I've got left be lumped on our time the next time we come around. You'll be very happy with what I'm doing.

Ms Mushinski: Rather than go 10-10-10, you'll just lump that back on?

Mr Bisson: Are we doing 10 now?

The Acting Chair (Mr Steve Peters): You have 20.

Mr Bisson: That's what I thought: 20 minutes. Is that agreed? That's fine? OK.

Ms Mushinski: That sounds good to me.

M. Bisson: Merci, monsieur le Président. Pour continuer, on a fini tout à l'heure justement sur la question dont M. Kennedy a parlé. On voit qu'il y a des parents ici avec des élèves qui ont besoin d'aide spéciale. C'est un gros point de frustration, comme vous le savez, madame la Ministre, parce que vous êtes, comme nous, une députée. Vous avez un comté. Vous avez un monde qui vient vous voir faisant affaire avec la difficulté qu'ont les parents et les élèves à accéder aux services pour leurs jeunes quand ça vient à l'enfance en difficulté.

Vous avez dit tout à l'heure dans vos remarques que c'est vraiment la décision du conseil local de décider des services qu'ils vont mettre en place, mais vous savez, madame la Ministre, comme moi je le sais, qu'à la fin de la journée les grosses décisions du ministère de l'Éducation, quand ça vient au financement, sont des décisions que vous avez besoin de prendre comme ministre; c'est votre gouvernement.

1730

La question qu'on vous demande est très simple: pour quelle raison obstinez-vous à ne pas mettre en place le financement nécessaire pour s'assurer que ces jeunes, pas seulement ceux qui sont avec nous aujourd'hui mais à travers les comtés de cette province, ont la chance d'accéder aux services dont ils ont besoin pour pouvoir faire la compétition avec les autres jeunes? Pourquoi vous obstinez-vous à ne pas mettre en place le montant d'argent nécessaire?

Hon Mrs Ecker: First of all, we have indeed increased resources for special education some 17% in the last three years. The other thing I think it's important to recognize is that school boards receive money for special needs in a variety of ways, and I touch on a point Mr Kennedy made. For example, there is money that school boards receive for special education where there is no paper process or some administrative stuff that the honourable member was going on about. Through the SEPPA grant, school boards receive additional monies they can use flexibly for special-needs students and that is based on the incidence within their population.

Secondly, there is a process, as there has to be, to determine how many high-needs students there might well exist and—

M. Bisson: Ça, on comprend. On comprend qu'il y a le besoin d'avoir des évaluations, mais ma question devient, vous savez qu'il n'y a pas assez d'argent dans le système présentement pour répondre aux besoins. Pourquoi refusez-vous de faire les investissements nécessaires? C'est une question simple. C'est une question de financement.

Hon Mrs Ecker: Well, we have continued to increase spending on special education. I would suggest, Mr Bisson, and I know you would agree, that continuing to make those new dollars available is a very high priority. I am the first to agree that more resources are needed and that's why we have continued and we will continue to do that.

M. Bisson: Le premier pas pour corriger un problème, c'est d'accepter qu'on l'a. Vous avez pris le premier pas, qui est intéressant.

At this point I have to leave. I need to get back to the Legislature. I apologize, but being what it is, I guess it goes to the Conservative caucus.

The Acting Chair: You used four minutes.

Ms Mushinski: I'd like to pick up where I left off, and that had to do primarily with school support in terms of how we provide assistance to teachers, for example, in implementing the new curriculum. One of the issues that is raised to me on a fairly consistent basis—and I meet with my school trustee quite regularly. I'm meeting with him tomorrow as a matter of fact, just to make sure that we have it straight on how the funding formula actually protects vital materials in the classroom, such as textbooks for the new curriculum. We hear a lot, especially from the opposition benches, about kids who are bringing home old textbooks, broken textbooks, textbooks without pages. Can you assure me, Minister, that

in your estimates process you did indeed protect these vital programs, these vital materials for the classroom?

I am assuming, first, that one of the reasons you came up with the funding formula was to guarantee not only stable funding in the classroom but increased funding in the classroom. It was always my understanding as we went through some pretty revolutionary changes—Mr Ibbitson himself alluded to that in his article on Saturday—that the reason there was this fundamental shift from administration to classroom protection—including, of course, teachers—was to ensure that vital materials like textbooks would be protected under your funding formula. I wonder if you could just expand on that a little for me to address some of the critics who are suggesting kids are bringing textbooks home that don't meet the standards of the new curriculum.

Hon Mrs Ecker: Having resources for new learning materials has been an important priority. School boards receive funding for textbooks basically in two ways. It is part of what we call the foundation grant, so part of what goes into calculating and determining the amount of money a school board receives includes a regular cost for the provision of textbooks and materials. Secondly, we've also put in place special targeted one-time funding to compensate for the request for new materials with the new curriculum and that has gone out.

In 2000-01, the grant was some \$67 million for secondary students and about \$98 million for elementary students. The foundation grant, as I said, provides monies for textbooks and for other classroom supplies. In 2001, it amounted to about \$116 million for secondary students and over \$100 million for elementary students. That's in addition to the special top-up grants that we gave for materials. So there's been a considerable demand with the new curriculum, and we are phasing that in with the new curriculum so that we can make sure we have those resources.

One of the other things that textbook money is part of is what we call the "classroom envelope," and that money is protected to classroom. School boards do have flexibility to use classroom dollars within the classroom to address the priorities, and it's important to note that with the changes in education expenditures, not only do we have more money available for education in Ontario—it has gone from \$12.9 billion to \$13.8 billion; that's from \$12.9 billion in 1995-96 to \$13.8 billion this coming school year—more of that is in the classroom envelope, approximately \$800 million more, which I think is an important improvement. But, as I have certainly stated many times and agree, we need to continue to invest new dollars into our public education system, into our classrooms to meet the needs that are there.

Ms Mushinski: I wonder if we could explore that a little bit further, Mr Chairman. Did you have a question?

Mr Ted Arnott (Waterloo-Wellington): I do, but if—

Ms Mushinski: I'll just ask one more question and then hand it over, if that's OK, Mr Chairman.

It has to do with the change. Clearly, going into the 1995 election, for example, we'd heard—especially in the GTA—that education taxes had increased by 120% but enrolment had only increased only 16%. There seemed to be more money going into administration and, as Mr Ibbitson alluded to, six years ago we complained that our students couldn't read and multiply or divide and today we complain they don't get band practice—which would you prefer? I think that was the general sentiment going into the 1995 election.

You have indicated that the education budget envelope has increased from \$12.9 billion to \$13.8 billion. Can you tell me, in drawing comparisons over the six years, how much of the savings have come out of administration, for example, and gone into the classroom—which includes teachers—and what kind of measurements you can detail to ensure that the improvements that we anticipated in terms of switching the focus from administration to classroom spending, pupil-based funding, how we've done so far and how your estimates will continue to target improvements in that area?

1740

Hon Mrs Ecker: In making the changes in how we fund, you're quite right, recognizing not only what our party or government—

Ms Mushinski: Mr Chairman, there seem to be two conversations going on, and it's a little disruptive.

The Acting Chair: We'd just ask our guests in the audience, if it's going to persist, to take the conversation out to the hall.

Ms Mushinski: Thank you.

Hon Mrs Ecker: We recognized that what taxpayers were seeing were significant increases in the amount of property taxes they were paying for education, some 120% of an increase in education property taxes, but certainly education spending in the classroom had not increased by that much. Those increases outstretched increases in enrolment growth, for example, and other pressures. It was clear that while the expenditures were going up, more money was not going into the classroom and we also were not getting an improved outcome. Students were lagging behind on national and international tests; parents, post-secondary institutions and employers were saying that students were coming out of high school without the skills, the basic skills and knowledge that they needed.

There was a clear recognition that that was a problem, and we said if we were elected we would deal with it and how we would deal with it. We said we would reduce the number of school boards, and we did, by about half if I recall. We went from over 100 down to 72 school boards. We reduced the number of school board politicians. We said that the priority for dollars was to be in classroom, so the amount of money in the education system being spent on administration as compared to classroom has been going down, and the amount of money on classroom has been going up, some \$800 million more in classroom. The reduction in administrative expenditures has been some \$150 million that we've seen.

We also say to school boards that certain dollars are enveloped; special education dollars, for example. A special-ed dollar that a school board gets, they must spend on special ed, and if they don't require it for special ed it goes into reserves to be saved for special education needs. They can spend more but they cannot spend less.

Classrooms—the same thing. Classroom money is enveloped, but within that classroom envelope is a flexibility that we think is appropriate for boards to use.

Where we now need to move to is not to continue to measure or try to say, “Our system is good because we spend more money on it,” or “Our system will be better because we spend more dollars.” New resources are important, that's one of the reasons we've been putting new resources in there, but what is equally important is the students' levels of learning that are coming out at the other end. What we've seen is, when you look at what research and comparisons with other jurisdictions show you, just because you invest a dollar, that doesn't mean you get a particular increase in student learning. So while we are increasing resources, will continue to do that, at the same time we are also putting in place strategies to lead to improved student learning. That's teacher training, that's more resources for learning materials, for teacher training, asking schools to set improvement targets, working toward that, a whole range of steps to get improved student learning.

Mr Arnott: Minister, I want to engage you in a brief conversation on the issue of standardized testing. In my riding I believe the vast majority of parents support some system of standardized testing, providing the testing is meaningful and leads to improved student achievement. I think that's your objective too.

I know that last week the member for Kitchener, Mr Wettlaufer, raised the issue in the Legislature and you had an opportunity to respond, but I also know later on in the week you made an announcement about further steps that the government intends to take in terms of student testing. I was just wondering if you would take this opportunity to explain to the committee members what you intend to do in that respect and where you see us going.

Hon Mrs Ecker: Yes. First of all, we started with the Education Quality and Accountability Office, the tests that they provide. They're an independent testing agency with a great deal of expertise and credibility in this. We do reading, writing and mathematical tests in grade 3 and grade 6, mathematics in grade 9 and a grade 10 literacy test. Those tests are very intensive, very standardized, because they're designed to measure whole schools, whole school boards, the system, in terms of how well our students are doing.

Just to step back again, the reason we test is to see how well we are doing, where are the problems so we can fix them, because if we don't test, we don't know where the problems are. Those kinds of tests will

continue, and we're starting to get good year-over-year data, so we're starting to be able to make comparisons. Schools and school boards are starting to be able to make priorities.

We've just announced additional testing. This is testing that's a little different. It'll be in other core subjects in other grades, and it's designed to be more of an assessment tool for the students, the teacher and the parent as opposed to measuring schools. Those test results will count for approximately 20% of a student's mark.

Division bells rang.

Hon Mrs Ecker: I think this should be a five-minute bell.

Mr O'Toole: I just want to put something on the record. It's unfortunate there are no opposition MPPs here, but—

The Acting Chair: I think, Mr O'Toole—it's a five-minute bell.

Hon Mrs Ecker: It's 10; sorry.

The Acting Chair: Is it? OK. Then you've still got time. You can keep going.

Mr O'Toole: Saved by this bell, so to speak, which is a very appropriate occasion.

I know you and I have met rigorously and relentlessly with the Durham boards, public and separate, and Kawartha Pine Ridge, Peterborough Victoria. I was very happy to read in the Toronto Star today—I normally don't read it, by the way, for the record, but there are occasions when you stumble over it on the floor. Shelley Page is the president of district 13, Ontario Secondary School Teachers' Federation. I'm just going to quote for the record, because I always like to have records on things: “Page said an initiative by the province in May to break the three-year deadlock over instructional time was pivotal in bringing an agreement in Durham,”—and she mentions the lack of extracurricular activities.

I think it's important for you to be recognized for your efforts at the cabinet table on behalf of students and really here trying to acquiesce to the teachers' demands and the board having difficulty. I just want to put that on the record. It's good that she's come clean here and given you credit for your tough discussions at the table.

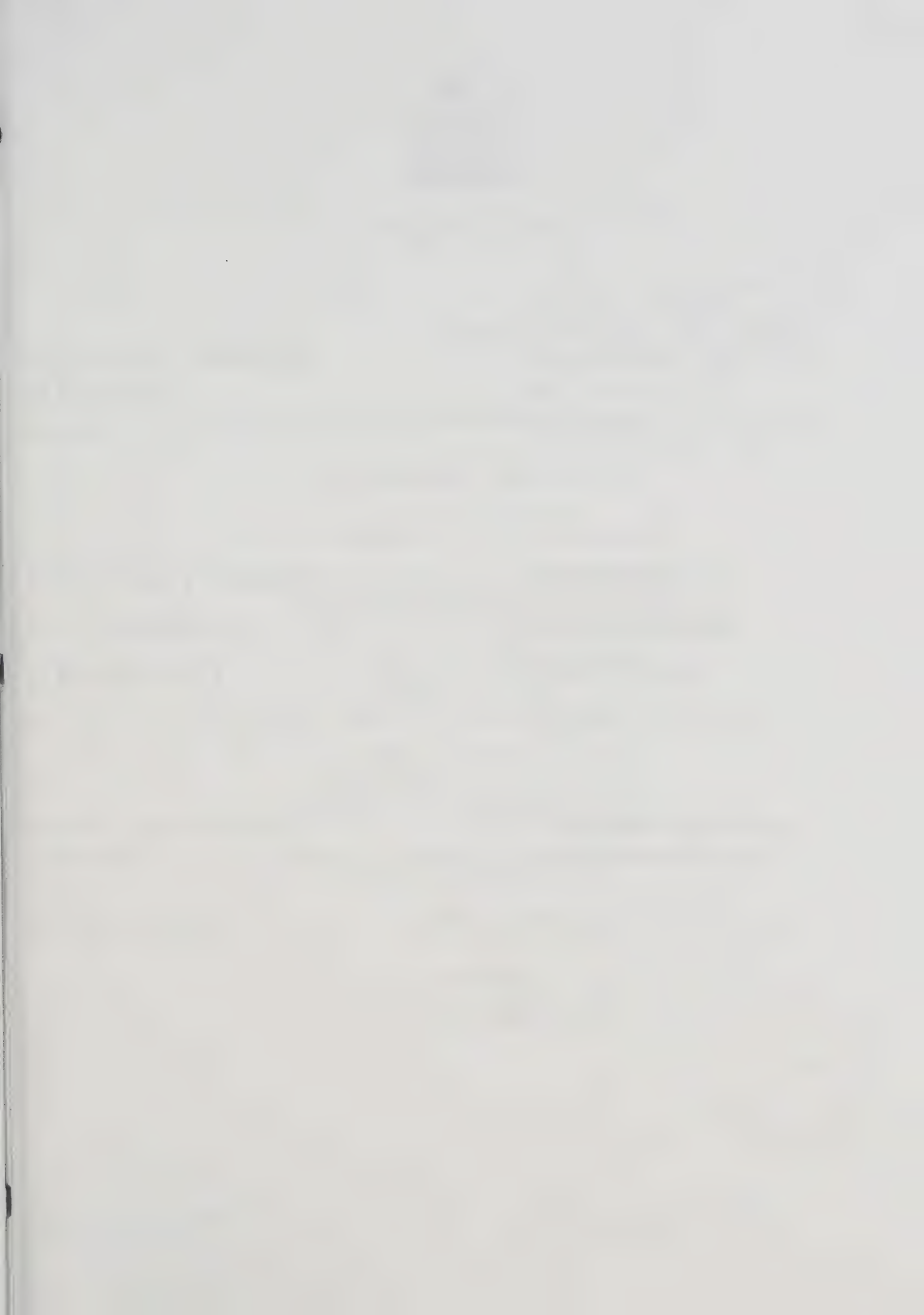
Hon Mrs Ecker: Thank you very much.

The Acting Chair: We're about to adjourn, but just for the information of members, because of the time today—and we were late starting—I believe the clerk is going to give direction to the Ministry of Health that we will not call them. We've just got two and a half hours left tomorrow, so that will take the rest of the time. Health was scheduled for later in the day tomorrow.

Ms Mushinski: So the rest is on education?

The Acting Chair: Yes, because we still have two and a half hours remaining with education, so we'll use all of that tomorrow. The meeting is adjourned.

The committee adjourned at 1749.



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Ms Anne Marzalik, research officer,
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**Standing committee on
estimates**

Ministry of Education

**Comité permanent des
budgets des dépenses**

Ministère de l'Éducation



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 27 June 2001

Mercredi 27 juin 2001

The committee met at 1607 in room 151.

MINISTRY OF EDUCATION

The Vice-Chair (Mr Alvin Curling): Let's resume the estimates of the Ministry of Education. Before we do so, I just want to clear up what we should be doing with the remaining time. We have about two hours and 39 minutes left for estimates for the Ministry of Education. When we complete today, we'll have approximately 30-something minutes left. We'd then have to transfer those minutes to September. I'll ask the committee if we would like to call for the vote at the end of this time. The fact is that some 30-odd minutes would have been dispensed with, which would conclude the Ministry of Education estimates. It would then be up to the members here to agree upon that.

Mr Gerard Kennedy (Parkdale-High Park): No.

Mr Gilles Bisson (Timmins-James Bay): It seems to me, why not just come back in the fall? There's only 30 minutes left, and then the next ministry, which is health, would be able to have the minister come in and do their presentation and their opening remarks. Then in the second meeting in the fall, we'd actually get into responses from critics and the rotation. So I'd prefer that the estimates do come back in the fall, personally.

The Vice-Chair: Well, let's proceed. We asked to get unanimous consent on this and I've got two dissenting voices here anyhow, so we will come back in September and do the remaining for the Ministry of Education, then.

I understand that the last time around, the Conservatives had four minutes of their time left.

Mr John O'Toole (Durham): Madam Minister, it's a pleasure once again. These have been very thorough examinations of estimates, and I think you've responded in many cases with what I think will go a long way toward building bridges and establishing some confidence in the public education system, not just with the \$360 million, but with the other initiatives for quality education being your primary focus.

I know how hard you work, not just in the House but also in the riding, because we have met on many occasions, both in schools and at the board office with trustees and parents. This is a graduation time of year. I know I'm scheduled to attend a number of graduations and to keep building those relationships. It's very important for that to happen.

I was very impressed with the initiatives you've taken with respect to the whole issue of respect and decorum, or setting a climate in the schools that gives teachers and students the right kind of learning environment. I think it's absolutely critical to establish respect. I'm not only speaking to the issue of student behaviour, but other activities that aren't appropriate for the education environment. Some would say it's been politicized in some situations and has affected students' learning environment, and that's just not acceptable.

I was very impressed with the announcements you made earlier in the year with respect to the seven demonstration projects on strict discipline that you've committed to. We're dealing with difficult classroom management issues, and I think you took the right step, because I have a lot of regard and a lot of respect for the Durham board. I was happy yesterday that they were able to reach an agreement because of your initiative of giving them more money to solve that extracurricular issue which our constituents have been dealing with. I think the demonstration that you've set for the Durham district board as being one of the seven participating pilots is a commendable example of your commitment to not just our own board, but to education.

Perhaps you could more clearly outline for members of the committee what the program goals are and what we can expect this coming September to build on that mutual respect in the classroom. Perhaps you can share that with us this afternoon.

Hon Janet Ecker (Minister of Education, Government House Leader): I agree that trying to ensure that our classrooms are safer places for both our students and our teachers was an important priority. During the last election, we said that if we were elected we would take a series of steps to try and make sure that could occur for our teachers and our students. We've brought in a code of conduct which outlines acceptable behaviour and outlines clear consequences for not meeting those standards of behaviour. We have a Safe Schools Act that gives principals and teachers authority to take the decisions they may need to take in the classroom and in the school to protect students, and also to have better authority for strangers on school property. So there are a number of steps we took there.

One of the other things we have done is to implement strict discipline programs for those students who have been expelled. Currently, if a student is expelled for bad

behaviour by a school board, there is no requirement for anything to happen to that student; they can just kind of wander off. We didn't think that was acceptable. The strict discipline program allows for that student to be able to earn their way back into a regular classroom.

To phase the program in, we have seven demonstration projects. We asked for proposals to do this, and we had some excellent ones from school boards in partnership with community agencies. The programs will do two things: they will provide the students with a continuing education, which is important, but they will also try to give them the tools or the support they need to deal with whatever problem caused the behaviour in the first place.

Durham board, for example, is one of the boards that have been involved with the seven projects. Actually, I should note that the Durham school board and the Durham Catholic board partnered to do this, which I think was an important thing. Peel, Toronto, Waterloo—there are a number of communities that are part of this. We also put in additional resources, about \$11 million, to help support this program.

Mr Kennedy: Madam Minister, just before we start into the primary subject, in the House earlier today you mentioned something about a parent you had met with congratulating you. I think you want to clarify, perhaps, because I understand in checking with the parent you were speaking about, it was not one of the parents I introduced in the House yesterday, nor was it one of the parents you met with yesterday. I think that a mistaken impression could have been created. I wonder if you could verify that that is indeed the case.

Hon Mrs Ecker: I said one of the parents who was a guest in that gallery had actually called me over yesterday and had talked to me about some improvements they had seen for their child. That's what I said in the House today. That indeed happened yesterday afternoon in question period. I didn't make any implications. I have no idea what group that parent may or may not have been with, but I said it was in that gallery, which is indeed a fact.

Mr Kennedy: I can understand the honest mistake, but I want to verify to you that I've checked with each of the parents and that's not their feeling about how this is working—very importantly—because they feel they've made some significant effort, and I agree with them. They've come down here and they've been trying to make a point to you. They would hope you'd be listening and they would not want to have their views misrepresented, so I appreciate that that was not what you intended to do.

Hon Mrs Ecker: Well, I didn't misrepresent their views.

Mr Kennedy: I certainly appreciate the fact that you were able to clarify that.

Hon Mrs Ecker: I also said in the House that I had met with several of those parents yesterday as well.

Mr Kennedy: That's where we're going to start off. Yesterday in committee you said there wasn't anything

you were specifically prepared to do, no specific action that you were able to offer for the malaise that is out there, to the boards that cannot afford to provide education assistants. I understand that in a private meeting you did offer some assurance, and I wonder if you could repeat that for the benefit of the committee. What are you prepared to do for these parents? They're here again today and so are some of the other parents. There are dozens and hundreds more like them. We discussed yesterday that you had a responsibility. You're the Minister of Education. The boards are struggling mightily. They are making these decisions to drop education assistants which is keeping some of their children out of school.

I want to know, are you really prepared to do something specific? Is there some new action you're prepared to take to ensure those kids are in school next fall? Because I understand from the parents that there is some willingness on your part, and I'd like you to share that with the committee.

Hon Mrs Ecker: As I said yesterday, we have taken a number of steps to try and improve the special education services. When individual cases are brought before the ministry in whatever fashion, we certainly attempt to see what we can do with the staff of the board. But I should also say, as I said yesterday, that it is the school boards that do continue to have the responsibility to make decisions around the allocation of their resources and that programming. Sometimes we can be of assistance with a school board, but it is ultimately their call.

We quite recognize the need for further resources. That's why we have increased resources and will continue to do so. We also quite recognize the concerns about too much administrative process, and we can talk about the steps we've taken to improve that, not only for less time being involved for both staff and parents but also for the resources that are being eaten up, if you will, by that process, which will be able to be used for service as opposed to administration. We will continue to take some of those steps because I think these parents do require additional assistance and additional help.

Mr Kennedy: That's where I would like to go. Let's get to the specifics of that. Let's find out exactly what you mean by that because you said that last year, and instead of a new streamlined service that trusts some of the people out there, trusts some of the parents and trusts some of the teachers to know what their needs are, you still are going ahead with this massive boondoggle. You're going to have all these kids audited again this fall.

Hon Mrs Ecker: No.

Mr Kennedy: Minister, I'll give you ample opportunity to answer. What parents have been advised of and what boards have been told is that there is going to be yet another assessing of children to take place on top of the three and four that have already been done. What some of these parents said, and I don't think they were being at all facetious, was, do you know something they don't? Some of them have Down's syndrome children and they don't think their situations are going to change substantially year to year or in two years or what have you.

Your ministry has created this incredible boondoggle of paperwork that, at the end of the day, because of your policy—you are the minister and this is, I guess, your decision—doesn't mean anything to these kids and to these parents. For the last two and three years, they've been filling out forms but that has not brought their child any more assistance than if they hadn't filled those forms out at all, and they have to do them numerous times because of the way your ministry requires it.

I am wondering if you can say very specifically what it is that will change, what you're prepared to do now to limit the amount of paperwork that these families have to go through, the assessments and the endless repetitive paperwork that is currently in the system as a requirement from your ministry. What are you going to do about that?

Hon Mrs Ecker: We are in the process of making a significant number of changes. One of the difficulties that we've had with this—first of all, let me step back. From the recommendations we received in the consultations and the expert committee that said, "Here are a series of things to improve how special education is delivered," one of the things they said is that school boards need two important things in their funding: one, they need money they can use flexibly, so that is indeed done; and secondly, they also need a way to determine who are the higher-needs students, those students who require additional supports that can be, in some cases, quite costly. So we need a process by which those students can be identified and assessed so the board and the ministry know how many students a school board has. That was a recommendation which the government accepted and we have been working with boards to put in place.

Mr Kennedy: Minister, can I ask you a very quick question?

Hon Mrs Ecker: One of the challenges we've had on this is that some school boards have not had the ability or the capacity—and that's not a criticism of boards; it's just a statement of fact—to actually deal with some of the assessments. We've had cases where parents have been asked to go through another assessment—

Mr Kennedy: Minister, you know how short the time is here.

Hon Mrs Ecker: —even though they've also had an assessment and the child's condition isn't going to change.

Mr Kennedy: I'm going to end up disagreeing on the historical thing unless—could you look at the changes you're going to do? Could you address that for us?

1620

Hon Mrs Ecker: We have been putting in place a way for the school boards that once the student is assessed—so we have that information, and for many students their condition or their difficulties or their challenges or their abilities are not going to change, so there is no need to have further assessment. That process is being phased in. Mr Peter Gooch from the ministry can talk about the steps that have been taken and the steps that will be taken

to minimize the administrative process. I'd like to turn it over to Mr Gooch to answer that question.

Mr Kennedy: Just before you do—and I am interested in some of what Mr Gooch has to say because he's been talking to some of the parents, and they've heard from him, and I'd like to hear him repeat some of that here today—I want to know from you, Minister, from an executive position, from a political accountability position, will you set an objective for your own ministry to stop harrying the people in the school system with so much paperwork? I put this to you last year, and the fact that it has gone on and is being proposed this fall—we'll find out in what form from Mr Gooch—allows you perhaps better latitude this year to answer affirmatively. The Ontario Principals' Council said 20% of their special education staff time was being wrapped up in the assessment forms you require for ISA. As I think all members of the committee know, those forms get filled in and your ministry audits them, but they don't actually result in funding. I'm going to ask you about that in a minute as well.

Would you set a target? Would you tell Mr Gooch and your other ministry officials that you want it to go down from 20% to 5% or 2.5% or some very reasonable number, that you won't wrap up precious resources in the endless, mindless paperwork that has been diverting resources from the system, in addition to the resources being cut? Will you at least show that executive responsibility? You have the capacity to do that. This is your staff dealing with making requirements on the school board people, who, as you mentioned, can't deal with it because there are far fewer of them. Would you do that? Would you say the teachers could be spared the paperwork? Would you set a target? Would you be accountable and say what your target would be in terms of how much of their time could be freed up to deal with the needs of the children rather than your needs, expressed in the paperwork your officials require?

Hon Mrs Ecker: The Ontario Principals' Council and a number of other groups have been part of a committee that has worked with us very closely over the last couple of months. They've made recommendations about improvements to minimize that administrative burden. That is the goal: to minimize it as much as possible, period, end of story. We are—

Mr Kennedy: By how much each year?

Hon Mrs Ecker: Mr Kennedy, if you'd let me finish, please. We have accepted those recommendations. We're moving ahead to put them in place.

One of the challenges we've found with school boards is that even though, for example, the deadlines for reporting were clear, we had school boards, whether based on miscommunication or misunderstanding, that three weeks before things had to be submitted suddenly started to go through processes that should have started in—

Mr Kennedy: Minister, I'm not interested in your blaming school boards any more. I have asked you a question that requires only your response.

Hon Mrs Ecker: Mr Kennedy, I'm not blaming—

Mr Kennedy: Minister, with respect, you have had numerous chances to answer this question and you haven't bothered.

Hon Mrs Ecker: Mr Kennedy, if you'd let me finish the answer for you, please.

Mr Kennedy: No. You're taking time now.

Hon Mrs Ecker: No one is blaming school boards.

Mr Kennedy: You just did.

Hon Mrs Ecker: No one is blaming school boards. What I am saying—

Mr Kennedy: Will you take responsibility?

Hon Mrs Ecker: We are taking responsibility.

Mr Kennedy: They're your rules.

Hon Mrs Ecker: If we weren't taking responsibility, we wouldn't have put together the group with all our partners—

Mr Kennedy: That's just a process. What form will your responsibility take? You're the minister. What will you do?

Hon Mrs Ecker: —we wouldn't have said, "Give us the ways to solve this," and we wouldn't have then said, "Yes, we're going to do these to solve them." That's indeed what we're doing. Mr Gooch—

Mr Kennedy: Do you accept what the principals said? Do you accept that—

Hon Mrs Ecker: Mr Kennedy, please. Mr Gooch is quite happy and quite prepared. That's why he's sitting here.

The Vice-Chair: Could we have order?

Hon Mrs Ecker: He's quite prepared to answer Mr Kennedy's questions.

Mr Kennedy: Minister, I'm trying to find out from you—

The Vice-Chair: Mr Kennedy, could we get some order? Maybe you have to start directing the questions to me, then, if we're getting out of hand in the interchange here.

Mr Kennedy: Mr Chair, through you, I am seeking a succinct answer from the minister. I think the public of Ontario deserves to know whether there will be any political accountability for the hellish boondoggle that's been put on some of the most vulnerable families in this province and has diverted resources. It has taken 20%, by the Ontario Principals' Council's estimate, of the resources.

Through you, Mr Chair, I'm asking the minister very directly, will she, in her political capacity, set a firm target, for which she can come back to this committee next year and be held accountable, for the reduction of time teachers have to spend on her ministry's paperwork, which is an immense diversion of resources? Mr Chair, I'll let you be the adjudicator as to whether the minister is answering that question. I'm just looking for a yes or no, or "yes, here's a target," or "yes, she'll consider it." Otherwise, I think we're on the record with the minister's answer.

The Vice-Chair: I can't really tell her to say yes or no. I just want her to respond—

Mr Kennedy: But, through you, I'm putting that question.

The Vice-Chair: I'm just saying to her to respond to the question.

Hon Mrs Ecker: Mr Chair, thank you very much. We have recommendations about how to reduce the administrative process. We also have a clear recommendation from the special education community that we do need to have a process to make sure that for students with higher needs, those needs are assessed.

Mr Kennedy: I guess the answer's no.

Hon Mrs Ecker: So we are making sure and will continue to take steps to reduce that administrative burden, because there is too much red tape, and I've said this before and Mr Kennedy has heard me say that. We are also prepared to walk through the steps we took last year and those we're taking this coming year to continue to reduce that burden, because it should be as low as possible. Rather than setting arbitrary targets which may or may not be accurate, the goal here is to reduce it as much as possible, and we will continue to do that.

Mr Kennedy: Well—

The Vice-Chair: Excuse me, Mr Kennedy. That's the answer you're going to get.

Mr Kennedy: Mr Chair, I want to ask the minister another straightforward question. Is the minister going to implement her assessment system next year, because that assessment system overlaid to the boards—if you actually are going to implement an assessment system based on last year's results, the last assessment, if you actually use the paperwork that you're generating, it would result in an average 32% cut.

Please don't play games. You know exactly what I'm talking about. Every board looks at two figures: the results of the assessment and the actual money that you gave them. They've been told it's going to be implemented next year, and I want to know, because these parents have a right to know, are you going to be implementing that funding system or will you be assuring for at least a period of two or three years some level of stable funding, or are you going to be implementing that system which will result in cuts?

Hon Mrs Ecker: We are not cutting special education funding. The school boards are aware of that, and if they're not passing this information along to parents, that gets back to one of the problems we've had in terms of the ability to keep—

Mr Kennedy: Blaming somebody else. Yes, I know.

Hon Mrs Ecker: No, Mr Kennedy. Would you stop putting words in our mouths?

Mr Kennedy: Minister, it's tiring to hear—

Hon Mrs Ecker: That's not what I said.

Mr Kennedy: —I'm going to ask you to do that.

The Vice-Chair: We're not going to start this again, please.

Hon Mrs Ecker: That's not what I said. What I said was that there has been a communication problem. It's a statement of fact. It's not pointing fingers at anyone. One

of the communication challenges has been the message that the boards have a stable funding guarantee.

Mr Kennedy: For how long?

Hon Mrs Ecker: Now, if that message has not gotten to the parents, we can only hope you and I can help to communicate—

Mr Kennedy: Mr Chair, through you, how long is the minister prepared to—

Hon Mrs Ecker: —that to the parents. But there is a stable funding guarantee to make sure the processes and procedures are in place.

The other thing that is important to recognize is that the special education community, when they made recommendations to the ministry, asked for a way to fund that recognized when school boards' needs went up and down. Now school boards are saying they need additional time. We are giving them that time.

Mr Kennedy: How long—

Hon Mrs Ecker: That stable funding is in place and it will continue to—

Mr Kennedy: For how long?

Hon Mrs Ecker: Mr Kennedy, if you would stop interrupting me, I would like to give you my answer.

Mr Kennedy: Minister, you're taking much more time than you need to answer this question.

Hon Mrs Ecker: I would be—

Interjection.

Hon Mrs Ecker: Well, because I'm trying to respond to every new issue that you throw in here, Mr Kennedy. First of all—

Mr Kennedy: No, it's very simple. How long will the stable funding last for?

Hon Mrs Ecker: Mr Chair, I'm quite prepared to answer the question. I don't tell him how to ask them, so I don't need the advice on how to answer, with all due respect.

We have certainly told the school boards that stable funding is in place for as long as we need that guarantee to make sure that students are getting what they need.

Mr Kennedy: They've been told it will end next year. So you're going to say here today that the stable funding will go on indefinitely. Is that correct?

Hon Mrs Ecker: Well, here we go with one of the incorrect—

Mr Kennedy: Now you have a chance to correct it. Please.

Hon Mrs Ecker: Here we go with one of the incorrect facts that has been communicated to parents. The school boards know there is stable funding this coming school year. As you know, school board decisions are done on an annual basis, year to year, for funding. That's the same in every sector within the government. That's not a new process. So they do know that they have stable funding coming for this school year. If parents are being told that is not the case, I appreciate the opportunity today to put that on the record.

Mr Kennedy: No, you in fact confirmed that it's only for this school year.

Hon Mrs Ecker: That's always been the case.

Mr Kennedy: There are three-year contracts you're requiring from the school boards. There is anxiety and uncertainty being visited from at least two different sources on the families out there. What is happening to these families is going to be happening to all families eventually, because if you can't provide for the conspicuous needs, if these people who have obvious and clear needs that you have documented to here and back, if they can't be met, then it becomes wilful at a point. I'm saying you had opened up the possibility before that it was a longer guarantee. We find out, after five minutes of time wasted, that it's only lasting for a year.

Minister, I want to put to you or to your staff—

Hon Mrs Ecker: Mr Kennedy, we do do annual funding decisions.

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Mr Kennedy: You've given mitigation over multiple years. You've done—

Hon Mrs Ecker: That had been the process when your party was in government and it continues—

The Vice-Chair: Let's not start that exchange again. Order.

Mr Kennedy: I didn't ask you a question, Minister, so you're not taking any more of my time. Thank you, Mr Chair.

I'd like to ask Mr Gooch or, Minister, if you prefer to take the question, how exactly you will be reducing the paper burden on these families this year. I would appreciate if you would tell me, as succinctly as possible, how you will materially reduce the amount of time that classroom teachers and rare and hard-to-find board specialists or other people even in the health field are having to spend on your assessments. How will you do that in the coming year?

The Vice-Chair: So succinct that you have a minute and a half to do it.

Mr Kennedy: It would be terrific if they could.

Hon Mrs Ecker: Mr Gooch?

Mr Peter Gooch: The difficult challenge for the government and the ministry is to balance responsiveness and accountability. What we can't do is hand over major funding decisions on a very poor information base.

Your question was, how are we going to reduce the administrative burden. The first thing we're going to do is make sure that wherever boards have had an appropriate level of approval from the files they've made in previous years, they will not have to resubmit those files. We will go board by board. If you know the ISA process, there are different profiles for every kind of exceptionality. We are going to look, and every time we can get to an appropriate approval level that boards have shown in the past, we'll bring all the files—

Mr Kennedy: Mr Gooch, can I ask very quickly for a clarification? I would like to know what you consider an appropriate level of approval. How can you determine what an appropriate level of approval is? More specifically, do you have something in writing here today that would show us what you think an appropriate level of approval would be to get this privilege for the board?

Mr Gooch: The ministry contracts with experts in special education who have gone out to school boards and reviewed the files that they have brought forward. When I say "an appropriate level of approval," it's the decision made by our auditors.

The Vice-Chair: Mr Bisson, I understand that you have 36 minutes, which is different than the 20, because you had an extra 16 minutes last time. You may now proceed.

Mr Bisson: Just before I start, I've got a series of questions. Some are from parents, some are from students and some are from school boards. I'll try to do the French ones up front and the English ones after so that we'll be able to work a little bit more easily through the translation.

J'ai une série de questions des conseils scolaires de mon comté. J'ai pris l'opportunité de demander aux conseillers scolaires d'à travers le comté, de Timmins-Baie James et aussi de Nipissing-Timiskaming. Comme vous savez, ce sont de gros conseils. Notre conseil, par exemple, public francophone prend part de Nipissing-Timiskaming et de Timmins-Baie James. J'ai eu aussi des questions de certains individus quand je leur ai demandé, s'ils avaient la chance de demander des questions au ministre, de quoi ? On va suivre avec ces questions.

La première question : comme vous savez, la communauté francophone a appuyé les recommandations de la part du D^r Mustard. Il a démontré à plusieurs reprises l'importance de l'éducation pour la jeunesse francophone, et particulièrement pour la petite enfance. La question que le monde se pose : c'est bien bon et beau que le gouvernement a appuyé le rapport du D^r Mustard. On est tous d'accord, tous les membres de l'assemblée dans les trois partis. Ce qu'ils veulent savoir, et c'est une question non seulement des conseils scolaires mais aussi des parents, est : quand est-ce qu'on peut s'attendre à avoir le financement nécessaire pour compléter la maternelle jusqu'au jardin ?

Hon Mrs Ecker: Mr Bisson, I'd be quite happy to have my assistant deputy minister, Maurice Proulx, answer that question.

M. Maurice Proulx: Maurice Proulx, ministère de l'éducation, sous-ministre adjoint, éducation langue française et administration d'éducation.

Monsieur Bisson, pour ce qui est de la petite enfance, maternelle et jardin, c'est la politique du gouvernement que la maternelle et le jardin ne sont pas financés à temps plein. Ils sont financés à mi-temps d'une part. D'autre part, dans le rapport Mustard-McCain, effectivement le D^r Mustard ne recommande pas nécessairement des maternelles et jardins à temps plein. Le troisième point, c'est que tous les conseils de langue française, sans exception, pour septembre prochain auront en place des maternelles et des jardins à temps plein. Ils se servent en partie du financement qui est accordé pour l'animation culturelle, l'aménagement linguistique.

Hon Mrs Ecker: Mr Bisson, we did give French school boards an additional \$10 million to use flexibly,

and that's how many of them are actually choosing to do the full-day kindergarten.

M. Bisson : Vous avez fait le commentaire que toutes les commissions scolaires à travers la province l'année prochaine, maternelle et prématernelle à plein temps, seront payé par le ministère de l'éducation ?

M. Proulx : Tous les conseils auront en place maternelle et jardin à temps plein. La ministre a fait mention de l'argent supplémentaire qui a été accordé l'an dernier, et les conseils utilisent en bonne partie ces argentés-là pour s'assurer de mettre en place des maternelles et des jardins à temps plein.

M. Bisson : Comme vous savez, pour nous autres dans notre région c'est déjà un fait. Les conseils dans notre région pour la plupart ont toujours offert une maternelle à temps plein et les autres conseils, les nouveaux conseils publics, par exemple, ont fallu l'offrir aussi pour s'attirer les étudiants à leurs écoles. Le problème tel que je le comprends a toujours été que eux ont besoin d'offrir la maternelle et le jardin de leur coût. En d'autres mots, ils ont besoin de trouver des efficacités dans d'autres parties de leur budget pour être capables de payer ces programmes à temps plein.

Vous nous dites aujourd'hui que vous allez donner de l'argent de surplus pour qu'ils n'aient pas besoin d'aller rechercher l'argent dans leur budget pour le payer.

M. Proulx : Non. Monsieur Bisson, l'an dernier, alors l'année scolaire qui se termine maintenant, les conseils ont reçu, à partir du financement axé sur le besoin des élèves, une somme supplémentaire de 10 \$ millions qui revient chaque année. Ce n'est pas une somme qui est accordée une fois mais qui est récurrente, qui revient chaque année. C'est à partir en bonne partie de ce montant-là que les conseils de langue française assurent le financement des maternelles et des jardins à temps plein.

M. Bisson : Vous voulez dire que les conseils ont besoin d'aller chercher une certaine partie de cet argent dans leur budget ?

M. Proulx : Le montant supplémentaire qu'ils vont chercher principalement dans l'aménagement linguistique est là, vous avez raison, mais ils réussissent quand même à financer et les maternelles et les jardins à temps plein.

M. Bisson : Je ne sais pas comment ça marche dans les autres comtés, mais je sais que chez nous avec nos conseils ils se plaignent de la difficulté que ça met financièrement sur le conseil lui-même d'être capable d'offrir—par exemple, comme je disais tout à l'heure, le conseil public a fallu offrir à temps plein ces programmes parce qu'il faut faire la compétition avec les autres écoles. Sans ça on va perdre les élèves, et avec ça le financement. Les conseillers et l'administration me disent toujours que c'est une question de la formule de financement qui ne reflète pas adéquatement le montant que ça coûte pour offrir ces programmes. Est-ce qu'il va y avoir un ajustement sur la formule ?

Hon Mrs Ecker: Mr Bisson, just to be clear, as you've probably heard me say before, what the funding

formula does is recognize the unique circumstances of school boards. School boards have different needs. The francophone boards have some very special needs; for example, just the geographic space, the boundaries they have to cover. They get funds that help them deal with that, but secondly, the challenges of assimilation of a minority community in a majority speaking another language presents some additional challenges for them in terms of their young people being able to succeed. So on top of the monies they had gotten through the funding, we gave them a special ongoing \$10 million a year that they can use to help meet some of those unique linguistic needs that they have.

It's my understanding they believe that is best used for certain kinds of junior kindergarten programs. That was their decision about how to do it, but they did get additional funding to meet that particular unique need, the linguistic needs they have.

M Bisson : Ça, je le comprends, mais la deuxième partie de la question est : avez-vous l'idée d'augmenter la formule de financement pendant la prochaine année ?

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Hon Mrs Ecker : Every year we look at how we can improve funding. We have already given all school boards additional monies for the primary grades for literacy, for example, for special-needs students in kindergarten to grade 3. So those were decisions that were already made this year.

We are now in the process of doing the work for how we can improve for the next school year. So we'll be taking a look at some of those issues, because I agree that keeping a focus on earlier grades is really important in a whole range of things, not only for special-needs students, but also for literacy etc. So for this school year there were 70 million new dollars for literacy from JK to kindergarten. There were also another \$70 million for special needs, focused to grade 3. Then we also did another \$24 million this year for early reading strategies from JK to grade 3. So it is a priority and we'll be making decisions as to how to improve for the next year.

M. Bisson : Je pense que vous avez une note, quelque chose à ajouter. Non ? C'est correct ?

Hon Mrs Ecker : No, go ahead.

Mr Bisson : I just saw the Post-It note, so I thought they were trying to tell you something.

J'ai une autre question. Si je comprends bien, vous avez demandé, à travers le ministère de l'Éducation, aux conseils scolaires de faire un inventaire des besoins physiques des bâtiments qu'ont les conseils. Si je comprends bien, c'était le cas.

Deuxièmement, ce que je me fais dire par les conseils scolaires, c'est que les conseils ont fait ce qu'on leur a demandé. Ils ont fait l'inventaire. Ils ont regardé leurs édifices pour voir ce qu'on avait besoin de faire pour faire sûr que ces édifices-là sont selon les standards établis par le ministère pour s'assurer de la sécurité du personnel et des élèves.

La question qu'on demande, c'est que jusqu'à date on n'a pas eu de réponse à ces rapports, et les conseils

veulent savoir quand ils peuvent s'attendre à avoir une réponse ou une réplique à ce qui a été envoyé au ministère sur ce sujet.

Hon Mrs Ecker : There are a couple of things. First of all, we did increase to French boards money for ongoing construction for new pupil places which did reflect some of the information that they gave us. So they did get additional monies to meet some of those needs.

Second, we've asked all school boards to give us their long-range plans and forecasts on the capital side for their school buildings, and we are looking at how to meet those needs. We're sort of doing an inventory, if you will, of those capital needs of all boards, including the French boards. One of the things we've been pushing is longer-term planning for school construction and school maintenance because we need to put in place better financial supports and encouragement for school boards to do that kind of long-range planning.

M. Bisson : L'autre partie dans cette affaire c'est que, par exemple, le conseil scolaire des Grandes Rivières se trouve avec un territoire immense. Si je comprends bien le problème, un problème qu'ils ont, c'est qu'il y a une surabondance d'espaces dans nos écoles rurales, mais les écoles urbaines sont pas mal pleines, à capacité, avec les élèves. La manière dont je me suis fait expliquer l'affaire c'est que, quand ça vient aux formules de financement pour l'entretien de ces bâtiments, c'est un peu plus difficile parce que, de ce fait, si vous avez un conseil scolaire dont toutes les écoles sont remplies on va dire à 90 % ou 95 %, le financement est un peu meilleur que pour un conseil scolaire qui se trouve, à cause de la géographie, avec des écoles rurales qui ne sont peut-être pas pleines, à capacité, selon les critères établis par le ministère.

La question qu'on demande : est-ce qu'il y a de l'ouvrage qui se fait de la part du ministère pour trouver une manière de répondre à ce problème, qui est pas mal spécifique à ces gros conseils scolaires anglophones et francophones ?

Hon Mrs Ecker : There are a couple of things. School boards for this coming school year, including the francophone boards, received additional resources in two areas that respond exactly to that sort of geographic challenge that they have. First of all, we've made the funding for remote and rural boards more generous—the francophones, I believe all of them, would have qualified for that, so they got additional monies for the remote and rural. There were about 10 additional boards actually that received additional monies on that.

The second improvement for this coming school year was in what is called new pupil places, and that is a step to address exactly that challenge, where you've got low enrolment in one part of your board, high enrolment in another part of your board. So we took a step by making it more generous, if you will, more flexible to help meet that. That's one of the things in the reports that boards have given us on their long-range capital needs, one of the issues we are looking at. Because, clearly, for a board that is covering a remote and rural area, you may well

have a decline of students in one community, but those students still need an education. So where's the floor, I guess, is the question for those boards that have significant shifts in enrolment or those boards, especially northern boards, that are suffering declining enrolment. So that's work we're doing now.

M. Bisson : Ce qui m'amène à ma deuxième question. C'est exactement le point. Nous dans le nord ne sommes pas aussi chanceux que d'autres quand ça vient à l'économie, comme vous le savez. L'économie du grand nord n'est pas aussi forte que dans le reste de la province. Justement, on a une perte de population au nord-est de l'Ontario, comme au nord-ouest, et ça veut dire que nos conseils scolaires sont en train de perdre des étudiants, parce que leurs parents ont besoin de déménager pour trouver de l'ouvrage dans une autre partie de la province.

Un problème qu'ils ont c'est que, comme vous le savez, les conseils du nord de l'Ontario ont toujours eu une bonne approche quand ça vient au transport des élèves. Il y a toujours eu, par exemple, dans notre communauté un échange de services entre le conseil séparé et le conseil public. Au lieu d'avoir seulement un conseil avec son système individuel, puis l'autre conseil à côté avec un autobus individuel, ils ont toujours fait un échange de services. C'est la ville de Timmins qui a commencé ça des années passées. C'était un peu le modèle qui était suivi partout dans la province.

Le problème que je me faisais dire par tous les conseils dans cette région qui ont le même problème est que, avec la perte d'étudiants, ce qui arrive, c'est qu'on perd l'argent pour le transport, si je comprends bien. Le fait qu'on perd des élèves, ça ne veut pas dire nécessairement qu'on a besoin d'avoir moins d'autobus. Si le numéro 4 a 50 milles de l'école avait déjà 15 élèves puis là il n'y a que 13, c'est vrai que vous avez deux élèves de moins, mais vous avez encore besoin d'avoir le même autobus, si vous comprenez ce que je veux dire.

Je vous demande de la part de tous les conseils—c'est un problème de tous les conseils dans notre région, j'imagine, le nord-ouest et même d'autres places—est-ce qu'il va y avoir une accommodation au budget pour le transport pour qu'on ne se trouve pas dans cette situation d'avoir une réduction même si ça nous coûte le même montant de dollars à cause de la géographie ?

Hon Mrs Ecker : There are two issues on transportation: one, the issue, as you point out, and that gets back to what I said about declining enrolment boards. You're quite correct: whether you have 10 students or 13 students, they all need a bus. So there are certain fixed costs that boards have regardless of the number of students. So that is work that we are doing with boards on that.

The second issue on transportation is the transportation grant itself. We've been working with boards in a multi-year process to improve how we fund transportation. Boards have been putting in place technology so they can have better planning of routes. Some boards have been doing consortium among themselves. So we're looking at how we can better fund them for the trans-

portation costs. There are some pilot projects starting this year to try out the new criteria to make sure that they're working appropriately. We want to try and improve that area of funding.

M. Bisson : Est-ce que je peux demander à votre ami—c'est encore le cas dans notre région que les conseils s'entraident sur le transport. Il y a un système de transport pour tous les conseils, non ? C'est-tu encore le cas ?

M. Proulx : Ça varie selon les conseils. Sont rares les conseils qui avaient des consortiums qui vont s'en sortir, parce que, effectivement, c'est la direction dans laquelle aller et non pas revenir—

M. Bisson : Si je suis correct, et je ne suis pas sûr—j'aurais besoin de le vérifier—j'ai pensé que dans notre région il y a encore le consortium de transports qui est en place pour le conseil des Grandes Rivières et les autres conseils. Quand vous avez mentionné, madame la Ministre, qu'il y a des projets pilotes pour regarder aux efficacités, ces conseils, c'est eux autres qui ont mené la charge à trouver les efficacités ça fait beaucoup d'années. Ils me disent qu'ils se trouvent dans une situation où il va y avoir une perte de financement.

Je veux savoir, pour ces groupes-là, y a-t-il quelque chose qui va être fait pour les assister pour qu'on ne se trouve pas dans une situation de perdre, comme j'ai dit, de financement pour des fautes qui ne sont pas les leurs ?

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Hon Mrs Ecker : No. I quite agree that it's not the fault of the school board if there is declining enrolment in northern communities. That is why we're doing the work now to say, how do we make sure those fixed costs they have—again, whether it's 10 kids or 13 kids, they still need the school bus. We're doing that work now to try to match the funding with the need. So that is happening.

The other piece that is happening is on transportation in general. While some school boards have partnered to have better transportation and find savings, or some school boards have contracted out to different busing companies etc, we recognize we are still not supporting that need in boards the way the boards and the ministry agree we need to. The boards and the ministry are doing the work so we can do that, because part of the problem has been finding a way to measure the need and fund it fairly for every board, and putting the data in place. So a lot of that has been happening.

M. Bisson : Une autre—je ne suis pas trop au courant, mais c'est une question qu'on m'a donnée—fait affaire avec le sous-financement pour les nouveaux manuels scolaires de secondaire pour le nouveau curriculum. Apparemment, il y a une réduction cette année de 50 % pour les textes de 10^e année. Vous êtes au courant ? Moi, je n'étais pas au courant. C'est une question qu'ils m'ont envoyée du comté. C'est-tu le cas ?

Hon Mrs Ecker : Funding for textbooks is still in the foundation grant. That's part of the regular funding they continue to get every year. Secondly, we have put in more money every year as a top-up, recognizing the new curriculum needs. The funding for the coming school

year will be \$15 million. We've had varying amounts. One time we put in \$100 million, one time it was \$30 million and the amount for this coming year is \$15 million. That's top-up on top of—

M. Bisson : C'est pour ça qu'il fallait que ce soit une réduction de 50 %, parce que le montant était à 100 \$ millions, puis là on descend à 50 \$ millions. C'est du 50 % que vous parlez ?

Hon Mrs Ecker : No, what we've done is put in place one-time funding on top of the regular foundation grant.

M. Bisson : Je comprends.

Hon Mrs Ecker : For example, there was \$15 million for grade 11 textbooks and \$15 million for grade 12 textbooks. When we did the elementary there was, I believe—and staff can correct me if I'm wrong—approximately \$100 million for all the elementary grades. So we've been trying not only to continue to fund, obviously, through the basic foundation grant that allocates a certain amount per student for textbooks and learning material, but also, recognizing the challenge in upgrading and replacing because of the new curriculum, we've been putting top-up monies to boards as one-time funding to start allowing them to build up those resources.

M. Bisson : Combien de temps, monsieur le Président, est-ce que j'ai dans cette rotation ? Monsieur Kennedy, combien de temps me reste-t-il ?

Le Président (M. Gerard Kennedy) : Environ 16 minutes de plus.

M. Bisson : C'est beau ; j'ai du temps pour les autres questions.

Une autre question : l'été passé on a contacté votre bureau faisant affaire avec le changement de représentation de ces conseils scolaires. Je pense que c'est au conseil scolaire francophone catholique de notre région où on a eu une réduction des conseillers scolaires, qu'ils ont abaissé d'un dans la région selon les nouveaux critères du ministère, si je me rappelle bien. La question que je me fais demander, encore par le conseil, c'est, y a-t-il une possibilité que le ministère soit préparé à revisiter comment cette formule-là est appliquée faisant affaire avec la représentativité pour les conseils scolaires pour ces régions ? Le problème, juste pour que vous compreniez, c'est qu'avec une réduction du nombre d'élèves, le conseil s'est trouvé à court d'une dizaine d'élèves pour être capable d'avoir un autre conseiller comme il y avait dans les années avant. Puis quand on est descendu en nombre, parce qu'il y a moins d'élèves inscrits aux programmes, ils se sont trouvés en bas de la norme, ce qui veut dire qu'il a fallu réduire par un les représentants scolaires. Ça fait que la politique du conseil a vu que Hearst a perdu son représentant. Je veux savoir, y a-t-il une chance que ça va être revisité ?

M. Proulx : Monsieur Bisson, à ma connaissance il n'y a pas de révision prévue dans l'allocation du nombre de conseillers scolaires. Une chose que j'aimerais ajouter, par contre, c'est que la détermination du nombre de conseillers scolaires était fonction de plusieurs éléments, incluant le nombre d'élèves mais incluant également le

territoire représenté. La distribution des conseillers scolaires avait été laissée aux localités, ce qui a fait en sorte qu'on est conscient du fait que dans certaines localités il y a eu des redistributions qui ont été faites sur le plan local qui n'étaient pas déterminées ici.

M. Bisson : La courte réponse, c'est qu'il ne va pas y avoir de changement aux critères.

M. Proulx : Il n'y pas de changements qui sont prévus dans le prochain avenir.

M. Bisson : C'est seulement pour vous dire que, si on pourrait vous implorer, je sais que quand ça vient aux critères, on regarde les politiques dans les manuels et ça fait du bon sens. Je le reconnais. J'étais au gouvernement ; je sais comment ça marche. Mais ce qui arrive, quand ça vient à l'application, c'est très difficile, parce que je trouve, comme vous le savez—vous connaissez bien la région. Hearst est un coin de la province qui est très spécial, très distinct et très différent d'autres parties de la province. Parce qu'eux autres se trouvent un peu en fin de la ligne, ils ont perdu leur conseiller scolaire par la majorité des autres sections du conseil, des autres parties du conseil. Pour Hearst, c'est vraiment une perte, parce qu'ils n'ont rien en commun avec, on va dire, Timiskaming, Sturgeon Falls et les autres places. Ils n'ont pas de liens. Puis là ils se trouvent sans représentant au conseil scolaire. Puis on vous demande : si vous êtes capable de revisiter cette décision, ce serait vraiment apprécié pour être capable de voir s'il y a quelque chose qu'on peut faire pour cette région.

Une couple d'autres questions. Apparemment, il y a eu un nouveau système qui s'est appelé le SAP, qui est le système informatique, si je comprends bien, qui a été établi pour avoir une norme pour l'informatique à travers les conseils en Ontario. Je veux savoir—

M. Proulx : Le système SAP, c'est le système de gestion financière des ressources humaines, de la paie etc, tout le traitement des données pour l'enseignement de l'informatique qui est utilisé sur le plan de la gestion—

M. Bisson : Gestion, c'est exact. Pour avoir un standard, je pense que la plupart du monde est d'accord ; on n'aura jamais que tout le monde soit d'accord. Le problème—ce que je me suis fait dire par tous les conseils ; encore c'est une plainte qui est venue à travers tous les conseils—c'est qu'ils sont d'accord avec l'idée de le faire, mais ils n'ont pas été rémunérés pour cette installation de ce système. Il a fallu trouver cet argent dans leur budget. Pour certains conseils, c'est un problème. J'aimerais savoir s'il y a des plans par le ministère de trouver des fonds pour être capable d'assister les conseils avec cet équipement.

M. Proulx : Alors, sur cette question-là, peut-être un premier commentaire, à savoir que les 12 conseils de langue française ont, je pense, donné le ton en collaborant pour mettre sur pied un système commun pour épargner, au lieu d'avoir trois, quatre différents systèmes, et puis qu'à un moment donné on a de la difficulté à obtenir des services en commun. On les

encourage certainement dans ce sens-là, et on est content qu'ils l'aient fait.

Vous avez raison que c'est un système qui est assez onéreux sur le plan financier. Les conseils ont reçu dans les fonds de restructuration, lors de la mise sur pied des conseils en 1998, des argents pour payer la mise en place de ce système-là. Maintenant, ce qu'ils voient, c'est qu'il y a des dépenses qui sont plus élevées que ce qu'ils ne l'estimaient. À l'heure actuelle, ils ont des demandes qui sont faites au ministère pour savoir s'il n'y a pas moyen de rediriger les argents non dépensés dans d'autres enveloppes dans le domaine de la restructuration.

M. Bisson : Dans l'intérieur des conseils ou du ministère ?

M. Proulx : Que des argents qui ont été donnés aux conseils—ça, c'est dans le cadre de l'entente Canada-Ontario, un programme qui est partagé à 50-50 entre la province et le fédéral. Ce que les conseils nous ont demandé, c'est de prendre une partie des argents non dépensés à l'intérieur des fonds de restructuration qu'ils ont reçus pour les rediriger au projet SAP. La porte n'est certainement pas fermée à ça ; au contraire, on fait tout ce qu'on peut essayer de voir s'il y a un moyen de les accommoder à l'intérieur de ces enveloppes-là.

1700

M. Bisson : Vous le saurez aussi, madame la ministre—on voit ici qu'il y a des élèves qui assistent avec nous aujourd'hui—c'est toute la question de l'aide à l'enfance quand ça vient aux programmes d'éducation spéciale pour les jeunes en difficulté.

Un des problèmes qu'on a dans la communauté francophone, c'est qu'il y a déjà une pénurie de spécialistes qui puissent faire les évaluations nécessaires que le ministère utilise pour déterminer quels services on peut donner à un jeune. Pour être capable d'attirer ces spécialistes qui font les « assessments » en français, c'est beaucoup, beaucoup plus difficile comparé à la communauté anglophone.

Avec ça on trouve que les jeunes francophones, parce qu'ils n'ont pas les « assessments » de faits, se trouvent sans ces services et sans le financement même, parce qu'il n'y a pas de demande. Sans « assessment » il n'y a pas de demande. On se trouve un peu dans une situation très précaire, puis je veux savoir : le ministère a-t-il des plans pour trouver une manière à se prendre à ce problème d'« assessments », premièrement ?

M. Proulx : Dans un premier temps, vous avez raison. Le problème d'évaluation des besoins des jeunes par des spécialistes existe—

M. Bisson : Ça fait longtemps.

M. Proulx : —pas uniquement pour les francophones, mais existe également pour les anglophones, particulièrement dans le nord de la province. C'est un problème qui est assez important. Il y a déjà des mesures de collaboration interministérielles qui ont été mises en place. Le programme SIEN, service intégré pour les enfants du Nord, est un exemple de collaboration entre-ministère du côté anglophone comme du côté francophone pour essayer de trouver les spécialistes. La

difficulté qu'éprouvent les conseils du nord, particulièrement dans les parties de leur conseil qui sont plus clairsemées en fait du nombre d'élèves, c'est d'avoir un bassin avec suffisamment de population qui requiert ces services pour embaucher des spécialistes à temps plein. À travers un programme comme SIEN, ils réussissent à mettre ensemble les besoins et les ressources. Alors, c'est un domaine où l'on continue à essayer d'encourager les conseils à collaborer ensemble.

Au niveau de tout le processus des évaluations pour déterminer les besoins d'enfance en difficulté, on reconnaît que les conseils nous font part d'un besoin particulier de ce côté-là.

Hon Mrs Ecker : Again, one of the unique needs that is recognized when we fund boards is that challenge that francophone boards have in northern communities. There is additional funding for that.

M. Bisson : Je sais qu'on pourrait parler longtemps sur cette question, mais j'ai d'autres questions. Je pense que j'ai environ cinq minutes de plus.

Un point qui a été soulevé avec moi, je pense que c'était avec le conseil public francophone : ils se sont trouvés, avec la création du nouveau conseil, falloir offrir un programme en français pour les élèves francophones au conseil public à Iroquois Falls. Un conseil séparé a donné en échange une école à ce nouveau conseil. Eux, pour être capables de préparer cette vieille école pour les élèves, ont dépensé environ 500 000 \$, mais ils ont eu seulement 10 000 \$ du conseil. Est-ce que vous trouvez que c'est juste ?

M. Proulx : Au niveau des besoins d'immobilisation—vous en avez parlé un peu plus tôt—les besoins existent strictement par rapport aux nouvelles places élèves, puis la ministre a parlé des mesures qui ont été prises pour répondre à ces besoins-là. Mais la question de besoins en rénovations est là, et ça fait partie des besoins qui ont été exprimés par les conseils pour les 15 prochaines années. C'est la raison pour laquelle on a demandé aux conseils de nous parler de leurs besoins, pas strictement en rapport avec les nouvelles places élèves mais en rapport avec les besoins en rénovations. C'est un domaine qui n'est pas particulier à un conseil mais qui fait partie de la planification des conseils et pour lesquels les modifications de la formule de financement où on doit accorder une importance particulière parce qu'on reconnaît que les besoins sont grands de ce côté-là.

Mr Bisson : How much time do I have, Chair?

The Vice-Chair : About two minutes.

Mr Bisson : Two minutes. Oh, so much in so little time. I don't want to go into these, because that's going to take more than two minutes.

The only thing I want to say, as I go into the other series of questions, is that if anything could be done, the area of special-needs education is where we need to do it. We have a particular problem that's worse in north-eastern and northwestern Ontario, as we discussed earlier, because you have difficulty trying to attract the people who need to do the assessments, and without the

assessments you can't access the funds, which means these kids are going without.

There is a huge shortfall with regard to the capacity of the system to respond to those kids, and far too often, as you well know, Minister, it ends up that the kids are seen way too late into the educational cycle and, as a result, the problems are much more expensive and more difficult to deal with in the end.

If anything can be done, we need to really make a serious attempt at investment in the early years in order to deal with making sure we do what has to be done for special-needs education, because those kids need all the help they can get to be able to compete with other kids down the road. If they're not getting it in the earlier years, it's really difficult to do it later.

Just in the last month I've probably dealt with five or six parents in Timmins alone, and a couple up in Kap, who are basically at their wits' end. They're not able to get the services. As a parent, I think you understand the stress that puts on the whole situation.

Hon Mrs Ecker: Yes, I agree with you. There are a number of things we can talk about at another time, steps we've already taken—lower class sizes and more money targeted specifically for earlier special-needs students. But I agree that more needs to be done, and it continues to be a priority to try to fix that for parents.

Mr Bisson: Thank you. Chair, We're still in 20-minute rotations, I understand?

The Vice-Chair: Yes, we're back to 20-minute rotations.

Mr Bisson: I want to apologize. I need to get to the House to speak on a bill, and I'm coming right back for the next rotation, just so you know.

The Vice-Chair: All right. Mr Wettlaufer.

Mr Wayne Wettlaufer (Kitchener Centre): Minister, a little bit of a problem in my area with the—

Mr Bisson: You can't have a problem.

Mr Wettlaufer: Yes, we have a little bit of a problem. The Waterloo region board received considerable extra funding for text books and yet, on Friday, I had a couple of parents from the parents' council, representing the board, tell me they had inadequate text books for the grade 11 curriculum.

I know they received extra money that was fixed, and I know they received extra money that was flexible. This money was to go to textbooks and classroom resources and programs such as ESL. I guess I'd like to know from you why the Waterloo region district board, and perhaps even the separate board in Waterloo region, is using this money to fund other areas, particularly an increase in teachers' salaries which were over and above the suggested limit.

Hon Mrs Ecker: It's projected that the Waterloo region district school board is going to receive an almost 2% increase in overall funding; that is, while their enrolment only grew by just under 1%, they also received additional monies for textbooks. For example, for Waterloo region school board, the one-time investment for grade 9 textbooks was almost \$900,000; for grade 10

textbooks, it was \$871,000; for grade 11 textbooks, it was about \$434,000. That's on top of the foundation grant.

Textbook money and teacher compensation are considered part of the classroom envelope. While we fund school boards based on calculations of where salaries are, there is no cap on what they do in terms of salaries. Some have advocated that we should envelope and say, "This is money for compensation, and you can't use any other money for compensation." I know that is something some parent groups have recommended to us. Currently, classroom dollars include compensation and things like textbooks, and school boards have the ability to use those dollars within classrooms as they see fit.

1710

It is a controversial item. One example you've probably heard me use is of a particular school board that went out and told their community they were going to use part of their textbook and learning resources materials to improve compensation for their teachers, and the community approved. The trustees were re-elected, and it was a decision on which the community agreed with them.

It is the school board's decision, as the employer, how they do that. They have to report how they do spend the money, so it is available for parents so they can make that judgment. That's the current policy, and I do recognize there are some parent groups that have asked us to perhaps change that. But currently that's how it stands.

Mr Wettlaufer: Thank you, Minister. I do have another question, but I think Mr O'Toole has a question as well.

Mr O'Toole: Mr Ouellette has.

Mr Jerry J. Ouellette (Oshawa): Minister, one of the questions that's come forward on a regular basis from a number of constituents is regarding teachers who have retired and are actively working as substitute teachers. I know that we've been in the board before and we've discussed it. What is the policy or the reasoning that we have limitations on the number of days a retired teacher can actively teach in the schools?

Hon Mrs Ecker: Under the current rules, a teacher who has retired is allowed to come back and continue to teach, and they receive remuneration for doing that. They're allowed to teach for 95 days a year for three years after they've retired, and then it's reduced to 20 days per year.

The reason for that limitation, obviously, is that if they are receiving their pension benefits and receiving a salary on top of their pension benefits, the partners in the teacher pension plan—which include the teacher unions, which partner with the government on this—felt there should be a limitation on how much double-dipping is allowed, because that is, in effect, what is occurring. They're getting their pension, which comes from contributions by teachers and contributions from taxpayers. It is a very successful and very generous pension

program. There is a limitation on how much other salary they could get if they are out teaching part-time, even though they are retired.

The teachers' pension plan has made a recommendation to the government about one of the steps we could take to reduce the teacher shortage—as you know, with the demographics society-wide, we have more teachers retiring than coming into the profession, so we've taken a number of steps to deal with that, expanding teachers' colleges etc. The teachers' pension plan has recommended that we extend that 95-day period for a longer period of time, so that a retired teacher would be able to continue to have their pension but also be able to teach for a longer period of time—still part-time but more days than they currently can.

The government is looking at that recommendation, and I hope we will have a decision as to whether we'll be able to move forward with that recommendation.

Mr Ouellette: Just to follow up on that, we have what's called the double-cohort year. After that initial year, would we expect the number of teachers who will be participating in the school boards to change; for example, the retired ones who will be looking for additional time? At that time, do we need to go back to an old system while, as you mentioned, we're short of a number of people coming into the profession?

Hon Mrs Ecker: We have a project with the ministry, the College of Teachers, faculties of education and the teacher unions looking at the data as to what the gap is likely to be, whether it's a double-cohort year or other years. At the moment, while it looks like we're going to be quite tight some years, on the other hand, some steps we have taken and some of the other recommendations, like the recommendation on the teachers' pension plan, should help us manage that, if I understand your question correctly.

Mr Ouellette: Just that after grade 13 is ended, or OAC, those teachers won't be teaching grade 13. Then they become available to teach other courses.

Hon Mrs Ecker: Sorry. Yes, that may also help.

Mr Ouellette: So we don't need the number of retired individuals participating in that.

Hon Mrs Ecker: Yes, that may also assist us in managing it, so we might not need as many retired teachers to handle the workload there.

Mr Ouellette: I know my associates have questions as well.

The Vice-Chair: We'll have Mr Wettlaufer after.

Mr O'Toole: I think Mr Miller has a question too, so we'll sort of split it up. It's a team sport here, actually. That's what I read in the paper recently.

I just sort of inadvertently want to follow up with Mr Ouellette's question. I have been associated with the profession of teaching through family, directly and indirectly, for a lot of years. Is there any tracking of absenteeism? I find it difficult to understand how there can be 20 days of sick leave per year. I don't get that. I'm wondering, is there any tracking, administratively? I worked in personnel for a very large corporation, General

Motors, for many years. Average absenteeism was about six or seven days per year. These are jobs where it's 300 days of the year, roughly. It's shift work. I don't begrudge that. A simple question: is there any tracking? I think it's two days a month, 20 days a year, cumulatively, with a payout when you retire. That's prehistoric. Is there anything we're doing about that? When is it going to be eliminated?

Hon Mrs Ecker: The number of sick days that a teacher is entitled to depends on the agreement between the school board and the union, the collective agreement—

Mr O'Toole: It's about 20 days a year.

Hon Mrs Ecker: —and that is approximately where it resides. But that is an issue that's been bargained at the table. School boards are responsible for tracking that as part of their human resource obligations.

Mr O'Toole: Is there any measuring of that compared with other comparable sectors? For instance, there's some attempt that they've got to use them or something? Even in comparable industry, what is the average attendance? I'll tell you, the real cost in that job is that they have to be replaced. In a sales job or marketing or other kinds, they don't replace them. This is a double cost factor, and I really think it's serious. I would like to know what the annual cost of those absentee teachers is per year. I think it's an inordinately large number and should be dealt with.

At the same time, I would say, in defence, that they should have a long-term disability benefit plan, not these accumulated sick days. It's prehistoric. I just leave that on the table. I just think it's a lot of money. It should be measured. I'd like to know the number.

Hon Mrs Ecker: They also do have a long-term benefit plan, as many employees do. We can certainly see what information we can get you about those costs.

Mr O'Toole: I think it should be tracked.

Hon Mrs Ecker: Again, there are those who would also say to you that teachers, because of the stress of the job that they have, do require that kind of support; and secondly, the other factor that they will tell you is that adults exposed to young children on a regular basis do have additional sick days. So that's one of the other things.

Mr O'Toole: My wife is a primary ed teacher and my daughter is a high school teacher. She went to Quebec on Monday, I think; she's already on holidays, or whatever. She's doing another pursuit. But there is stress often in your job. I guess I just wanted to switch a little bit and I'll appreciate it if there's any follow-up on that.

Hon Mrs Ecker: We can see what figures we can get for you, Mr O'Toole.

1720

Mr O'Toole: Yes, that's good. I think it's worth tracking.

I just quickly want to put on the record, and this may come as a shock and a surprise, but I'm somewhat in sympathy with one of the earlier lines of questioning that Mr Kennedy had. Having been a trustee for a couple of

terms, having been the chair of the special-ed advisory committee and having some familiarity—my sister's a speech and language pathologist, now retired—I have been intensely involved in the topic for probably 10 to 12 years. I noticed, with the new funding, the first thing they used to do was to get the IPRC. It was never done as early as it is. The IPRC precipitates an education learning plan. The number of IPRCs and identifications went directly up when this new funding model came in. I would like to have some response from staff, but it's my sense that the designated funding specifically identified in the ISA model, the higher level ISAs, the three and four that are potentially long-term, protracted—I kind of agree with Mr Kennedy: how much paperwork do you have to do where you've established some base thing? That's appropriate, I totally agree.

I think there's been an inordinate increase in the number of identified individuals. My point is this: as a parent of five children, I think they all have special needs, every single one of them. Every single one of my children has a different learning style. One is an electrical engineer, one is in law school, one's a high school teacher, but they all had specific styles of learning. If we're going to micromanage the system, I think professional educators—this whole special ed for those really marginal, identified cases is a difficult area. I saw in our board, when they did the assessments, the number of cases year over year had gone up almost 50% in 1997. Could you respond: has there been an increase in the number of IPRCs and in such identifying resources that are then protracted resources and impossible to get out of the system?

Hon Mrs Ecker: First of all, if the number of students in special needs is increasing, the funding is designed to respond to that and to increase as well. What we have found when you look at the data that school boards have submitted to us is that the overall number of claims—and I'm talking province-wide; it may vary from board to board—has actually been quite stable over the past three years. Second, when you look at the percentage of our student population that has special needs, we are consistent with other Canadian provinces.

Mr O'Toole: That's what I was trying to establish. Under normal distribution with statistical modelling, you would expect to look at 10,000 students and anticipate certain anomalies, of course, and that's really why your assessments and those rigorous disciplines—there should be some way with the collected data to be more accurate and less dependent on specific assessments, to say, "Gee, they're within the normal distribution range here." I'm all for more money into special education with respect to right in the classroom, absolutely. So we have some harmony there on the intent to get the money to the student and the teacher. I'm going to leave the rest of my time for Mr Miller.

The Vice-Chair: I presume that's a statement.

Mr O'Toole: Yes, it is.

Mr Wettlaufer: Minister, I was interested in your answer to Mr Ouellette insofar as the maximum number

of days that teachers can come back on contract. While that isn't my question, I would like to point out that I don't believe that is being adhered to by all the boards. In fact, I know that it is not being adhered to by the Waterloo Region District School Board, because I know of a number of young teachers who have graduated and they are advised by the school board that there are no jobs, and that is because they have brought back on full-time contracts a number of retired teachers. I have personally intervened in two or three cases in the last two years and, lo and behold, the teachers who were told that there were no positions available wound up getting jobs. I would ask you to take a look at that policy and to see whether it is being adhered to by the boards across the province.

Hon Mrs Ecker: Let me say, though, that there are more jobs available. We do need new teachers. If there's one board that's not hiring, I know of several other boards that would be quite happy to have good new graduates.

Mr Wettlaufer: Yes, that's good.

I do have a concern in that I think most of us realize the very strong importance of early identification of difficulties in learning. I would like to know a little bit more about the strategy that is being employed by the ministry in terms of early reading.

Hon Mrs Ecker: Yes, I think that's a very important step. First, we put in place the new curriculum, making sure that our students have what they need: the information, the skills, the knowledge to succeed when they leave school. So we put that in place. Second, we put in place the testing to make sure that our students are learning that new curriculum. Now that those pieces are largely in place, especially in our elementary grades, we're saying let's take that data and improve our students' ability to achieve, improve student outcomes, improve student achievement. The first step in doing that is to have school boards and schools set improvement targets for grade 3 reading.

We put in place new monies this year, as I mentioned earlier, for early literacy, from junior kindergarten to grade 3, and also for special needs from kindergarten to grade 3 to start putting in place the programs to do this. This next school year we're requiring school boards to start to set improvement targets. We will be doing that over a three-year period. We are putting in place additional training for teachers to be able to use assessment data to adapt their teaching strategies for students, if they need to do that, or other steps they can take to help the students read better. We have school improvement teams that will be available for schools that are having difficulty meeting those targets.

That strategy is coming into place this school year. There were additional resources put into that, another \$24 million on top of the \$140 million I mentioned before. We want to take that kind of approach through the whole system, step by step. It will obviously take several years to get there, but we're starting with grade 3 because that's where we've had the curriculum and the testing in place for the longest period of time.

Mr Wettlaufer: I'm a fan of target-setting, but do we have any evidence that this is in fact working?

Mr Rosario Marchese (Trinity-Spadina): Of course we do.

Mr Wettlaufer: We do?

Hon Mrs Ecker: A couple of things: the experience in other jurisdictions and the research shows that setting improvement targets and providing the training and supports to meet those targets works. It does result in improved student outcomes. That is the goal of our education reforms: we want our students to do better. So we've looked at the research and we've looked at the experience of other jurisdictions. That's why we're taking this approach, because it is the one designed to work the best.

We're starting to see some improvements. Some boards and some schools have been able to make significant improvements. We're also seeing on national and international tests that Ontario's students in certain categories are starting to improve. That's what we want to see, but there's a lot more work that we need to do. This is one step in what will require several steps to improve our students' ability to achieve.

Mr Kennedy: Minister, I'm going to come back to the question and, having spoken to some of the parents, I want to refocus your attention on what I think is a concern that every parent is going to have as the summer unfolds and as boards are faced with more and more bad choices about what to cut. Because these parents represent children whose needs are conspicuous—those needs are here, they're present, they're today—they've been told they're going to lose education assistance. Minister, your staff has told some of them that a ministry official is going to contact them. Are you prepared for every parent who finds out they're going to be losing something their child needs, in this case, even on this level, where they're not going to be able to go to school? Will they be able to contact you and will a ministry official from your office get back to them to try and solve their problem?

Hon Mrs Ecker: Mr Kennedy, as you quite recognize, it is up to school boards, based on the individual education plans that are put in place, to provide supports to students. We are not proposing that we're going to take away from school boards and schools that decision-making authority; that will reside with them. When parents have contacted us in the past, we have attempted to be of assistance, but it is ultimately, based on the individual education plan, the decision of the schools and the school boards on how to support those students.

1730

Mr Kennedy: I hear you saying that fairly bland thing that takes up some time. These parents are not going to have their kids in school. Privately, you're saying to some of them, "We'll try and help you," but in general there is no policy of helping these parents. They need help, and it's about time that some of the bureaucracy in this got swept aside, quite frankly, because it is not fair,

Minister, for you to sit here and say to them that the board is going to do it.

Let me just read from one parent who isn't here today. She was here yesterday, Andrea Rosenberg. She says, in a letter that you have a copy of, Minister, I believe:

"I believe that the source of the problem lies with the Ministry of Education. Specifically, I believe that the problem lies with the ISA funding model. I believe that millions of dollars are being wasted creating damaging paperwork which is of no apparent value. Clearly, the children with special needs are not getting adequate support under this model.

"I believe that this funding model is grossly inefficient and unresponsive to the needs of those it espouses to assist. I believe that the ISA funding model should be abolished and, in its place, a trust in our teachers/administrators must be developed to allow them to identify children with special needs and provide them with the supports needed via IEPs."

The point is that most of the public doesn't know what an IEP is or even what an ISA is. These parents have had to become very versed with it. There is at least a strong body of evidence—and you can continue to resist it, but then you can't deal with this question—that the money out there this year, the lowest amount of money being available to boards in terms of any nominal increases, is going to take an effect directly on these children and then on other children. We're dealing with people who have learned to have their kids termed exceptional and then a lot of other negative things, but it is striking to me that the Minister of Education has nothing to offer them. Their kids might not be in school in the fall. The boards have said to you repeatedly—and now you've heard from Ottawa, you've heard from Kawartha Pine Ridge; you could hear from all of them—that you are not giving them the resources. It's not a tit-for-tat kind of thing. They have proven, I think, a little bit of good faith, most of them: I think it's about \$6 million in Ottawa and your own board in Durham spends \$2 million of money from somewhere else to pay for these families getting at least some decent education.

I just want to propose to you what could be a better development than simply turning your back on them. There is, instead, a possibility—why not look at scrapping, as Andrea Rosenberg says, the ISA program altogether? Why not, Minister, find a way—

Interruption.

The Vice-Chair: Order. I would ask those observing the proceedings to please not protest or heckle. Allow the member to ask questions of the minister and the minister to respond.

Mr Kennedy: Thank you. I'll just elaborate on it slightly so the minister can give us a response to it in full. The ISA program is basically that you set up a set of rules and your people say, "If they fit our profiles, then we like that." You set the rules and you get the boards to execute them. Your rules identify students with particular needs, at least that's the objective. There are parents sitting here whose children have been identified as three

on the ISA scale, and then the board turns around and offers them half an assistant. Why? Because at the end of the day, you, the minister and the ministry, don't take the responsibility of making sure that every approved child gets the amount of support they're supposed to get. There's a very illogical bureaucratic buffer here between what you say you want for them and what comes out the other end. I guess what's very important today is to at least find out whether you're willing or open to the idea of taking responsibility for this, because the boards are just executing what you ask them to do.

The reason you can't, so far, I assume—I'm sorry, I'll put it in a positive context. Would you cancel the current ISA program, get the funding to be what it is currently, add funding that is determined by some objective panel to be needed, allow the boards to determine their own needs, or, alternatively, set up a system where you determine the needs and you pay for them so that you will pay for every single qualified student all around the province? That would be more straightforward; if you say they need this response, then you'll provide the funding. Today it's the worst of all worlds: you make people qualify and they don't get the money. It goes on and it goes on, and it's going to go on again next fall.

Minister, are you open to a proposal to radically change this? I will just remind you that it has been four years. Four years this has been going on, evaluation after evaluation. Some parents don't want to subject their kids to evaluation, then they're told they can get no assistance. That's bureaucratic craziness, to not have some way to respond to a human need in a classroom. All these kids are being medicalized. They're all being referred to in very negative terms. It becomes now a chart. We heard nine profiles before, and so on. But if you want to do that, Minister—I think that a lot of these parents object to that—would you at least take responsibility for funding directly the kids that your system says need the funding? Would you be open to that as a way to brush aside all this paperwork, all the auditors, and just say, "Once they're approved, they'll get their funding"? Will you open up three- and five- and six-year terms, whichever is appropriate for the children, rather than this repetitive redocumentation that's going on? Would you be open to that kind of progress or that kind of advancement here to try to help these kids?

Hon Mrs Ecker: Mr Kennedy, we agree that annual assessments are not appropriate for every child. I agree. That's why we are changing the system so that does not occur. One of the challenges we've had—and again this gets back to some of the communication challenges we've had—is that some boards have done annual assessments. We agree that is not appropriate in the case of children whose needs are not anticipated to change, so that's what we are moving toward, to minimize, to stop needless assessments, because it is a waste of money, it is a hassle for parents and teachers. I agree. But there does need to be a way that a school—whether it's the principal, whether it's the teacher. You've said, "Let's trust teachers and principals to make decisions to

document needs." Well, that's indeed who is there doing that. You yourself have said we need a process to do that. You need to know how many students you have with particular needs, so we have put in place a process. It is not working the way it should. That's why we have made and will continue to make changes so that it will work the way it should.

You're asking to completely stop that, but you're also saying we need another process. I don't think it's going to be of any assistance to anybody that we say, "OK, let's scrap the ISA, let's scrap the way we fund spec ed, and now let's start putting in place another process." I think that's not going to help the parents.

We recognize that teachers are part of it; that's why teachers are part of it. We recognize that bureaucrats at Queen's Park should not be deciding whether a student needs this educational support or that educational support. That is not their job. That is a decision that I think teachers and the appropriate staff in school boards should be making. So we quite recognize that improvements need to happen, and we're making steps to put in place those improvements. But at the end of the day, you yourself have just agreed, there has to be a process to determine the needs of a child and how many children we have who have special needs. The goal here is to have a process that works.

Mr Kennedy: The minister has come a little bit of the way down the road, and I just wonder if you would fully contemplate this.

Hon Mrs Ecker: You keep asking the same question.

Mr Kennedy: If the teacher and the principal determine the need, why won't you just pay? Why do you have to verify and document and audit and have this huge paper mill? The teacher is there. If they meet the criteria, then sample after the fact, but don't require massive amounts of paperwork to be generated.

You have a funding game going on, Minister. I don't know if you're aware, but I think you might be aware, there is a funding game that goes on that leaves out the kids altogether. That funding game brings disrepute to all people in government. I will remind you that it's \$80 million worth of service that's being diverted here, according to the Ontario Principals' Council. There is bad news already with the cuts that are taking place, but this is mindless.

Minister, why can't it be as straightforward as: well-trained teachers and principals make a determination and say, "I need a full-time educational assistant for this person," and they get it? Every year the boards tell you how much it is—you know it's going to be a slightly varying amount—and you pay it. What's wrong with that?

Hon Mrs Ecker: Mr Kennedy, you yourself have just said there needs to be a process by which—

Mr Kennedy: I just described it to you.

Hon Mrs Ecker: —principals and those teachers make that determination. If you do not have a consistent process so that a student in school A gets an evaluation, an assessment or determination that is consistent with the

student in school B, you have a very unfair process, because it will be very inconsistently applied. You need to have some rules around it. That's what we've been told. That's what has been recommended to us.

The principals' council is part of the group that is telling us we need to continue to have a process. Can it be changed and improved from what we have in place? Absolutely, and I have said that. We're taking steps to do that. But you can't just simply say, "Let's have a teacher or principal"—based on no criteria, based on no rules, based on no way to consistently and fairly make a decision. You can't have it function that way either.

I agree with you—I've said this I don't know how many times, and I will continue to say this—there need to be improvements. Some have been made, more need to be made, and we're working with our education partners to put those in place so that every dollar that can go to front-line service, as opposed to administration, can be there.

Mr Kennedy: You have to send a signal. Would you be willing to radically overhaul this system? Would you be willing to get rid of—again, I thought of it as a target, because I like targets too. I'm a little scared to share something with one of the members opposite there. But the idea of taking the paperwork down from 20% to 5%, or even 10% initially down to 5%—because you control this. These are your ministry people who cause these reactions on the part of other people. It's not you telling somebody else what to do; it's you behaving in a certain way that would save the public—well, it wouldn't save the public money. Resources are badly needed in the school, but it would save these kids the fate that some of them are headed for, which is time out of school.

There are many kids in this room here who have not been to school for varying periods of time—withdrawn—and it seems to me it doesn't make sense. Would you give us a signal today? You said yes. I wonder if you would, then, agree that you're interested in a radical overhaul of this, a simplification of it, and if it came back to you from parents and from school administrators—you've approved of principals having input—would you entertain that? Would you head off this fall the process that's going to have so many kids re-evaluated?

Hon Mrs Ecker: Mr Kennedy, the people who are—

Mr Kennedy: You think what you have is good enough.

Hon Mrs Ecker: Mr Kennedy, I have just told you that there need to be additional changes, and the people who are working with us to make those changes are parent groups, school board groups, teacher groups and principal groups, who are saying, "Here's where we need to make changes." What you're saying is, "Let's completely scrap the work that has been done," in terms of making sure there are appropriate assessments of students. Those have already occurred. I don't think we should now say, "Let's take all those assessments that were done and throw them out the window so we can start with something new."

Change needs to be made. I agree. We are making those changes, putting them into place to give the boards some ability to plan on their funding. That's why we've had stable funding guarantees for school boards. That's why we're not going out there and saying, "Let's completely change the process about where we're going." We are continuing to make changes to improve it, because we need to do that.

We have a whole special advisory council that has representatives of all the special-needs groups who make recommendations to us and are working with us to improve this process. They share the concern, as I do, about too much red tape.

Mr Kennedy: I appreciate there are areas of real concern, and I'm not going to limit that in any way except to say that I'm not sure you fully appreciate that this process has turned into a parody of itself. It is not seriously on the side of the people that it should be. Something more dramatic is required in order for this to do justice to our particular obligation to these kids. I'm not going to be able to pursue that today, but I'm not going to give up either.

Hon Mrs Ecker: Mr Kennedy, we—

Mr Kennedy: There is another thing I want to ask you in the limited time that I have.

Hon Mrs Ecker: Stop putting words in my mouth. I agree there need to be improvements.

Mr Kennedy: I appreciate that.

Hon Mrs Ecker: I don't know how many more times I can say that we are working to do that.

Mr Kennedy: We couldn't find common ground completely.

Minister, I'm going to ask you if we can share a smaller project, a much more modest project, and that is: over the course of the next few weeks, would you agree to guarantee that for every child who is adversely affected by the budget decisions of boards—and I'm going to specifically restrict it to special education so it's not some kind of trick question—who is losing educational assistants or losing other supports that would permit them to go to school, that you, the ministry, will take a particular interest in ensuring that every one of those kids is in school in the fall? Would you agree to that here?

Hon Mrs Ecker: Mr Kennedy, if you would like us to take away the authority of school boards to—

Mr Kennedy: No, work with them.

Hon Mrs Ecker: Mr Kennedy, if you would like us to take away that authority, that's the only way something like that can occur. They have the ability to make those decisions. They should continue to have that ability to make those decisions. I appreciate there is a great need for change, which we've acknowledged and we're moving forward to make. But that is their responsibility. They're the ones there on the ground. They're the ones who are working with the parents to try to put these supports in place for the children. It is not the job of the bureaucrats.

Mr Kennedy: Mary Johnson is a principal at a school with a couple of these parents. Mary Johnson says, "Give me the educational assistants for these kids, and they'll go to school in the fall." That's what she says. The ministry says to the board, "You can't have more money," and the board says to the school, "You can't have those educational assistants."

That sounds like a very sad story developing unless you change the scenario, and the scenario is a willingness on your part to not just say, "The boards in their current situation," but maybe "The boards with a look over from my ministry to make sure these kids go to school, and if more money is required, then that's what we'll do."

Maybe there's an inadvertent effect here, but it's happening. The parents are in this room, and there will be more parents with more kids with different needs, because there are generalized cuts. But in this specific case, could we not agree that special-needs kids will not get sacrificed and that you might take some special measures, including augmenting board resources if it's justified—I'm not asking you to sign any blank cheques here, but the possibility exists that it's a resource-based issue in many of these circumstances. Would you then be willing to be active on that during July and August to make sure that every one of these kids has the assurance that they're going to be in school come September?

The Vice-Chair: Madam Minister, you've got about a minute to respond, and then the time is concluded.

Mr Kennedy: I show two minutes, but OK.

Hon Mrs Ecker: Well, Mr Kennedy, we have increased resources for this coming school year for school boards, and we have done that—

Mr Kennedy: At less than 1%, Minister, for crying out loud.

The Vice-Chair: Could we let the minister respond?

Hon Mrs Ecker: We have increased money for school boards more than 1%. We're told that they needed flexibility in terms of how they allocated that, so we have indeed given them that. We are continuing to work to put improvements in place this coming school year so that less and less of that resource is being used on administrative stuff and more can be directed to front-line services. But it is and still remains the decision of school boards to make the decisions around the needs of the individual students; it's not the ministry's or the minister's job to decide Sally should get this or Tommy should get that. We will continue to invest more resources for special needs, because it has been an important priority.

The Vice-Chair: Thank you, Madam Minister. The time is up, but there are 58 minutes left in the estimates for the Ministry of Education. We could continue the rotation, but there is going to be a bell shortly for a vote. I'll ask the indulgence of the committee that we adjourn this meeting now and resume on the Tuesday that follows September 23rd, when we have estimates starting again. That sounds all right, sounds very efficient?

We stand adjourned until then.

The committee adjourned at 1748.

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 25 September 2001

Mardi 25 septembre 2001

The committee met at 1547 in room 228.

COMMITTEE BUSINESS

The Vice-Chair (Mr Alvin Curling): May I call the meeting to order now to do some business of the committee.

My understanding is that the minister will be here shortly, but I understand the Minister of Health and Long-Term Care may not be here. I just want direction from the committee if we can proceed without the Minister of Health and Long-Term Care. I want direction from the committee.

We can deal with that and then have a recess until the minister comes. We can start with the Minister of Education.

Mr Gerard Kennedy (Parkdale-High Park): For the last four or five years we have had ministers attend on behalf of their ministries, and the committee has generally been gracious enough to accommodate the ministers' schedules. That has been our tradition. We haven't had substitutes, especially with presentations and so on, but I guess it's up to the tradition and the discussion or the decision of the committee to accommodate that in the schedule we have.

Mr Frank Klees (Oak Ridges): It's my understanding that the parliamentary assistant is prepared to make the initial statement. I would suggest, then, in the interests of moving ahead with this that we accept that presentation through the parliamentary assistant. If there are subsequent issues that have to be referred, I think we can always deal with that at a later time.

Mr Kennedy: We have had a tradition on this committee, as Mr Klees may be aware, of having the minister, but understanding that the ministry staff and the PA are on notice for today, perhaps we could consider taking one day out of the schedule—maybe tomorrow—and the minister would then be available next week, but have the PA start off today, which is usually a formal presentation anyway, and it won't detract from the committee's ability to get answers or have a lot of stuff backed up.

The Vice-Chair: Am I hearing you say that the parliamentary assistant can proceed?

Mr Kennedy: But tomorrow, when we're able to give them notice, we would defer, waiting for the minister to be available next week.

The Vice-Chair: Is that the direction that you are giving the Chair?

Mr Rosario Marchese (Trinity-Spadina): So, Mr Chair, the Minister of Health, to understand correctly—I think people should raise their voices, because I can't hear very well in this room, or maybe I can't hear very well in general. You said the Minister of Health is not coming this afternoon?

The Vice-Chair: Yes. The Minister of Health will not be here this afternoon, but the parliamentary assistant will be here instead.

Mr Marchese: Right. Mr Kennedy's suggestion was that we hear from the ministry staff today?

The Vice-Chair: That's my understanding.

Mr Marchese: You were suggesting that, and that we defer to the minister on one other day, like tomorrow. Is that correct?

The Vice-Chair: Like tomorrow, that's what I was hearing, and that seemed to be OK by all.

Mr Klees: Pending that this would be subject to the minister's availability, of course.

Mr Marchese: OK.

The Vice-Chair: I understand that the minister is not available tomorrow either, and will not be available until next week.

Mr Kennedy: That's the idea, that we've been advised that the parliamentary assistant is coming today. There'll be a lot of staff already on schedule for this, but we would stand down the committee tomorrow to wait for the minister's availability, which I understand is confirmed for next week.

The Vice-Chair: Is that an agreement, then, that we don't meet tomorrow, considering the fact that the Minister of Health will not be here tomorrow? We will hear from the parliamentary assistant to the Minister of Health and Long-Term Care today, but we will not sit tomorrow. Is that an agreement? That is the direction in which we will go.

Now we will recess while we await the Minister of Education.

The committee recessed from 1551 to 1556.

MINISTRY OF EDUCATION

The Vice-Chair: We now resume the estimates for the Ministry of Education. Mr Marchese is not here at the moment. The rotation would have started with him and

then gone to the government side; the NDP and then to the government. He's not here. I want to ask for direction that we could proceed with the government to do their 20 minutes, and then when he comes, he gets his 20 minutes. Is that OK?

Mr John O'Toole (Durham): Certainly, we'll accommodate the delinquent member.

The Vice-Chair: We have 20 minutes for the government side and 20 minutes for the NDP, then we've got 18 minutes afterwards to be divided equally among the three.

Mr O'Toole: So if he doesn't return, I just get his time, is that it?

The Vice-Chair: You can go right ahead now.

Mr O'Toole: Welcome, Minister. I know you've had a hard-working summer, so I won't comment on the good weather we had, because I didn't get to enjoy much of it either.

Mr Steve Peters (Elgin-Middlesex-London): Not so good for the farmers, though.

Mr O'Toole: Yes, it was a dry summer, I might say. Yield is down and commodity prices are down. Oh, this is a different topic.

Thank you, Minister. I certainly do keep a careful eye and I'd like to compliment you on what I sense to be a very good strategic move by putting children first. I sense the tone, just from local letters to the editor and various comments I hear from members of my family who are in the teaching profession, that I think the right climate is there for extracurricular activities and some of the structuring of class time. I'd like to be on the record as thanking the boards for trying to work through rescheduling and all the difficulties I've read about in the paper. Whatever role your ministry staff had in that, I commend them for that, because we're really trying to set the right climate for young people to learn properly. All of the animations that play out day to day in the newspaper and in the classroom aren't perhaps helpful for them.

I really was quite taken with the initiative that I gather you spoke on last night, Aiming for Success—Early Reading in Ontario. I commend you, because I heard much about that initiative—I gather in your response you will reply to it—where money is invested and it's part of the agenda, not in a sort of a political way, of quality education and being prepared for literacy and numeracy, which are the fundamentals in the learning process.

Perhaps you could share with the members of the committee today the progress that's been made. But before I get to your response, I'd like to take as much time as I can possibly take.

As you probably know—may I call you Janet? I usually do, outside of the formal setting.

Hon Janet Ecker (Minister of Education, Government House Leader): We'd need a ruling from the Chair.

Mr O'Toole: You'd need a ruling.

Madam Minister, my wife is a primary teacher. Just toward the end of last year, every kindergarten and junior kindergarten teacher got a day off and there were people

rotating in and out while they got out and got trained on this new literacy program in the primary sector.

She was given an inordinate amount of materials, about three or four boxes full of books, videos, puppets and animating ways of bringing life to learning. She was talking with some of her peers, and in the Durham board, which is right next door, they were also in the midst of getting a new package, a new kind of curriculum for the early literacy initiative, I gather. She found out that the material they were buying for the one board, the Peterborough Victoria Northumberland and Clarington Catholic District School Board, was the very material that the other board was throwing out. The Durham board was throwing out the one that they were buying.

I'm just wondering, is there any sense of accountability, or is there a list provided for the kinds of program materials available by some circular—I think it used to be circular 14 or something that used to be circulated? Not to put you in a difficult step, but I hate to think that's still going on, that there is waste to that extent in the system. Because it was elaborate; the materials themselves and the workshops were elaborate. I would say the in-servicing is of a very high level and I understand that children in kindergarten will be expected basically to read, which is quite a more intensive kind of rigour in the learning setting.

With respect to this early reading strategy, perhaps you could comment generally on the government's investment, intentions and perhaps the materials or resources, and who scripted them. Who directed? Was it the directors of education in the 70 or so boards? There was a list, I gather, they could choose from. What steps are we taking, really, to make sure we efficiently use the resources for children in the classroom? Time and time again we see there is difficulty with the resources. Not to get off too far on a tangent here, but the single most important area I hear about is the resources available in special education.

I think I've asked nine questions so far, so I may give you some time to respond. Mr Marchese is back now, so I'll probably give him back his time. I've given you a few things you could respond to, like the early reading program. Other members here may have questions, and I'm certain they will, in the 20 minutes we're allowed, but I'll start with that.

Hon Mrs Ecker: Thank you, Mr O'Toole. The early reading strategy is sort of phase 3, if you will, of our plan for improved student learning in our schools. We started with the new curriculum, making sure that we had in place the information, the knowledge and the clear expectations for what our students would be learning, what they needed to learn. That was the first step.

The second step was to do the testing so we knew if we were all doing the job for our kids: were they learning what they needed to learn? Now that the test data is starting to come in on a reliable basis, we're in that next phase where you take the test data and say, "Where are the problems and how do we fix them?"

Of course, there were many critics who said that testing wasn't necessary, that everything was fine, but as

the testing is clearly showing, and which we knew, everything is not fine; our kids are not meeting the standard for literacy they should be meeting in Ontario schools. So that's why the early reading strategy is in place. We started by investing money over a year ago, \$70 million, for kindergarten to grade 3 literacy initiatives, so the money was there for schools to start taking steps to improve how well our children can read.

This year, we require each school, in consultation, a sort of a team approach with their teachers and their parents, to set improvement targets for how well the children will do in grade 3. Then we have resources which include materials, experts and training for teachers on how best to go about doing this. All of this is being put in place this year to support improved student learning for kindergarten to grade 3 on literacy skills.

At the conference we're having this week, international experts and Ontario experts have gathered to share best practices about how you can use the assessment data to improve how well students are learning. I was very pleased to hear from a number of the international folks last night that they thought the \$70-million investment was quite significant, quite substantial, based on what they're seeing in Australia, the United Kingdom and America on a comparative basis. One of the things they did recommend to us was that we perhaps may need to be more directive about the purchase of the learning materials than we currently are. You're quite right: what has happened in some schools is that the principal changes or a couple of the teachers on the team change and everybody runs out and buys all new material—sometimes that may be appropriate, sometimes it may not—and they buy material based on an approved list, if you will. We have a committee, an advisory group, that gives us advice on what kinds of materials should be on an approved list so boards and schools can select from that list. But, as I said, we just had the recommendation last night that perhaps we should be a little more directive. I'll be looking forward to the input of everyone at the conference as to whether or not we should go down that road.

The other thing I'd like to say about the conference too is that we anticipated that it would be well attended; we thought we would get about 350 people. We have run out of standing room today. We are well over 400 and it was climbing last night, which was wonderful to see, as people from schools at all levels, from teachers to administrators, were quite anxious to come in, to learn from each other, to share best practices and to put the new resources to best use to improve the way our children read in the earlier grades.

Mr O'Toole: I thank you, Minister, for that response. I appreciate the model that you've outlined here. It does make common sense, if I could be so bold, the way you've described it, moving out the OAC year and, as the curriculum changes, precipitating down—and then you were testing and sort of modelling and developing data and making the appropriate investments and setting benchmarks or targets, as you said, and applying resources. It comes back to the question that this conference is

sort of a statement on best practices. Just as a house-keeping type of issue, the attendees at the conference are indeed classroom teachers, I gather, and they would be backfilled by a supply teacher in their classrooms. If they're at the conference, somebody's got to be in the classroom.

Hon Mrs Ecker: In some cases, yes.

Mr O'Toole: Who is actually paying for that? Is it out of the board budget or is it out of the \$70 million? That's a huge issue, this whole supply-teacher cost.

Hon Mrs Ecker: That's why in the \$70 million and the \$24 million, expenditures having classroom teachers obtain training is part of that. That's very much part of that. The other thing I should say is that this conference was put on by the ministry free of charge so there would be no barriers or impediments to anyone coming, which I think was a very good step. That's why we put in new resources, so teachers would indeed be able to do specially targeted training, specially targeted professional development, based on research, based on data, based on best practices, because one of the things the experts will tell you is that simply taking a teacher away from a classroom, away from the school, is sometimes the worst way to do the actual training. Sometimes what is better is to have the people with the expertise and other teachers come into that teacher's classroom and work right there in the classroom as they're teaching the children. So there are a lot of different options that are available which are appropriate, and I think we're going to see some very positive responses to this.

Mr O'Toole: I just want to conclude my remarks by being appreciative of setting up the model that you've described and putting an emphasis on the whole issue of literacy, which is the toolbox for future learning, and doing it at such an early stage. I commend both you and the ministry people for coming up with that and setting up some rigour. I like the idea of more direction—not that it's centralized control. If we have some expectation of outcomes, we need to provide the necessary resources, which you've defined in dollars, but now we're down at the material level and making sure that we haven't got somebody going off on some whole-language junket reinventing this whole argument about the strategy of literacy.

Perhaps there are other members here who want to—Mr Miller had a question that I'm sure he wanted to ask. If he doesn't, I'll continue.

1610

Mr Norm Miller (Parry Sound-Muskoka): First of all, I would like to commend the minister and ministry staff on the fine job I think they're doing at the Ministry of Education. They are making some real progress and I feel confident that education is improving in this province and that students of this province are benefiting. I now have three children in the public education system in this province and they are certainly having an excellent education.

The effective education report came out this summer. I read through that and there are a lot of good suggestions

in that toward improving the education system. I'm sure that you're going to be implementing some of those.

When we were here last time we briefly talked about the seven demonstration projects that were set up to assist students who have been expelled from school and wish to re-enter the system. Actually, I was asked a question by the press about the Safe Schools Act that relates to expulsion and suspensions, and I believe that has come into effect this year. I was wondering if you could tell the committee the steps now in effect to make sure that our schools are a safe learning environment for our students.

Hon Mrs Ecker: A very important initiative to try and make sure that our classrooms are safer was an issue that we heard before the last election from not only parents and students but also from teachers. So we've started with a couple of steps all encapsulated, if you will, or within the framework of the Safe Schools Act, which comes into effect this fall. Underneath that act, or within the framework of that act, you have first of all a code of conduct which sets out clear codes of behaviour for our students, and everyone within the school is very much encouraged to make sure that respect and responsibility are part of the values that are being taught to our students—so clear rules and clear consequences if those rules are broken. For example, students would be expelled for possessing a weapon, including firearms, or using that weapon to threaten bodily harm to another person, or committing physical assault, trafficking in drugs, those kinds of things—clear rules for expulsions and suspensions.

The other step that is included in this is giving the front-line people, the principals and teachers who are most familiar with the circumstances, most familiar with the students, the authority that they might need to make decisions to keep their classroom or their school safe. Teachers have the ability to suspend a student for a day, if they feel that is what is required in their classroom. Principals have the ability to expel a student for up to a year from their school. School boards retain the authority to expel a student from all the schools in that board, potentially indefinitely. So there is the additional authority.

What also has come with this, though, is additional training for teachers and principals on the use of that authority to make sure they understand what is appropriate; secondly, to put in place the appropriate due process, checks and balances, appeals, whatever is needed to make sure that the authority is not used inappropriately; and finally, a new and I think very positive step is to ensure that for students who are expelled or suspended, the school or the board is not saying to them, "Here, go down to the local mall and have a good time for a couple of days." For example, under the old system a board would expel the student from their school board and that was it; they had no obligation. The kid might or might not get into another school board, another school. What we have established is a series of strict discipline programs, demonstration projects, again based on research and best practices, that allow an expelled student to earn their way back into a regular classroom by

successfully completing activities, courses, behaviour or otherwise, to deal with what caused the behaviour in the first place and also to continue to keep their education going. So they can earn their way back, through a strict discipline program, into schools. I think that's a very good improvement.

We're looking forward to the outcome of the Safe Schools Act. We've had a lot of positive feedback on it and I think it will be another step to make sure that our kids and our teachers are safer in classrooms.

Mr Klees: Very quickly, could you just comment on the issue of teacher shortage? Where do we stand in the province today?

Hon Mrs Ecker: We got a wonderful co-operative working group between all the education partners—the unions, the college faculties—to first of all get real, solid data on what the problem is, and that is just being finalized; and second, to put in place the strategies that will help make sure that we don't have a shortage.

The projections look like we'll be tight, but we should be OK if the data are correct. But we're not banking on that. We've already started investing more monies and expanding spots in teachers' colleges, for example. Some 6,000 additional teachers will be graduated at the end of this process. Secondly, we've altered the rules around retired teachers being able to come back into the classroom so that they're more readily available to do that. There will be other steps that we'll be taking to make sure that we do have teachers in our classrooms for the kids.

Mr Frank Mazzilli (London-Fanshawe): If I could just expand on that, Minister, I've certainly had inquiries from people who are educated in other fields. Perhaps they went to law school and found after their education that they in fact do not want to practise law; they want to pursue teaching. Are there any programs they can pursue, where they can try teaching before making the commitment of going to teachers' college, before they take up the profession on a long-term basis? Are there any programs whereby they could put their hand in teaching and see if in fact it is a career that they want to pursue in the long term?

Hon Mrs Ecker: Not currently, as I understand it. I'd certainly be quite pleased to talk to the College of Teachers and the faculties about what may be available there. Basically, there are standards that have been set for what constitutes a certified teacher, and those policies stand. There is certainly the flexibility in the system that if a certified teacher is not available, school boards have the flexibility to find someone of appropriate equivalent qualifications to fill in on a short-term basis. There are opportunities for people to become employed who are in the process of becoming teachers. Those are the steps that are in place now. But as I understand it, there's no try-out program, if you will.

The Vice-Chair: Now there are 20 minutes for the New Democratic Party.

Mr Marchese: Madam Minister, I see you've got a few fans on the other side, in the midst of so much disagreement.

I want to talk about the tax credits in private schools for a bit, if I can, with you. I just want to refer to some quotes from the Premier—well, from your government, really; I'm sure they reflect the Premier—just to get a feeling from you, perhaps as a way of gleaning what you think the Premier might have been thinking when he was saying these things.

Here's what he says with respect to it. Reading from communication 694/1996 to the United Nations, your government argued, in section 4.4.3: "The state party argues that if it were required to fund private religious schools, this would have a detrimental impact on the public schools and hence the fostering of a tolerant, multicultural, non-discriminatory society in the province of Ontario." Reading from communication 694/1996, it continues, "The public schools build social cohesion, tolerance and understanding. Extending public school funding rights to private religious schools will undermine this ability and may result in a significant increase in the number and kind of private schools. This would have an adverse effect on the viability of the public school system, which would become the system serving students not found admissible by any other system."

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Reading from your government's response to the United Nations on February 26, 1999, three years later: "The overall effect," of funding private religious schools, "would be to diminish the multicultural exposure of children in schools. This lack of exposure, in turn, would diminish the mutual tolerance and understanding of Ontarians of diverse cultures and religions for one another."

In the 1999 leaders' debate, your Premier said, "I've been asked, 'Would I support private schools?' I said, 'No, I'm sorry, my priority is public education.'"

There's a consistency to this argument that your government and your Premier advance. For three years he held to the view that if we extend funding to private schools, and religious schools in this case, it would have an adverse effect on public education in a variety of different ways. This government, you and he and so many others, are proud of keeping your commitments and your promises. Could you explain so you can help me understand what may have happened that might have changed the Premier's mind with respect to those opinions he held, for a number of years, in fact?

Hon Mrs Ecker: First of all, Mr Marchese, I appreciate the question but I wouldn't presume to speak for or on behalf of the Premier. I'm sure you'll have opportunities to talk to him about that. But I think what's important to recognize here is that when the Premier has said, when I have said, that our priority is public education, that remains the case. Absolutely, 100%, that is our priority and continues to be our priority for many of the reasons that have been cited in correspondence, in various documents.

We also respect that parents have a right to choose. For some parents, they wish to make a choice other than the public education system. So we respect that. We can respect that while at the same time keeping the priority

on the public education system, which we are continuing to do by investing new monies every year to increase the investment in public education, to set clear expectations for improved student learning, putting in place supports to make sure that we can get improved student learning. That is the goal of our plan for education reform.

The other thing I think it's important to note is that the government is not proposing to extend public school rights to independent schools. That is not what the government is proposing to do at all. What we are proposing to do is to have a tax credit for a portion of tuition to parents, if they choose to use it, for those who might wish to go to independent schools that meet the eligibility criteria.

Mr Marchese: You raise different points, which I will get to in a second. But in reading those quotations, I don't remember anything that says, "We respect the right of parents to choose."

Hon Mrs Ecker: How about the Common Sense Revolution, 1995; Blueprint, 1999; many, many press releases; many, many speeches; the throne speech in 2001? There are lots of places where we set out parental choice as a very important principle in our education reforms.

Mr Marchese: Minister Ecker, I'd love to give you the time that you need to answer questions. I was responding to the statements you made; I was taking notes. So I'll speak, and then you can make statements as well. Is that OK with you?

So there was nowhere there, in those quotations that I read, that speaks to the right of parents to choose. Furthermore, you say, "Our priority is public education." But I read to you the quotations which say, "The state party argues that if it were required to fund private religious schools, this would have a detrimental impact on the public schools." So it seems to be contradictory to say, on the one hand, "Our priority is public education," while all the documentation that I've read coming from your government says, "If we do that, it will harm public education." Do you see an inconsistency in that argument?

Hon Mrs Ecker: If you're comparing apples to apples, Mr Marchese, no. The argument before the United Nations revolved around the rights of independent schools when you compared them to the Catholic system, for example, and, as you yourself said, extending public school rights. It was a very different argument, a very different kind of legal court case that was being discussed at the time.

We have chosen to respect parental choice. Again I would say, as I said before, we have laid that out before two elections as a very important principle of our education reforms.

Secondly, if you look at the investments: \$13.8 billion for our public education system, a \$360-million increase in one year alone. We had almost that much last year alone in new money. Clearly the facts indicate that our priority remains the public education system, as it should, and we can, and should have, a strong public education

system and respect parents' right of choice. That is not an inconsistent position.

Mr Marchese: Did you at any time ever say that if we extended funding to religious schools, we would lose \$300 million and it would come out of the public education system?

Hon Mrs Ecker: If you were to—

Mr Marchese: Did you ever say it?

Hon Mrs Ecker: Mr Marchese, if you were to fund support to independent schools from the public education system, you're quite right, it would be detrimental. That's why this government is not doing that.

Mr Marchese: So when you said what you're not admitting you said, but what I quoted to you in the Legislature that you said, that \$300 million would come out of the public education system, you didn't mean that; you meant it would come out of some other source, but it wasn't that. Is that possible? Because I'm trying to help you.

Hon Mrs Ecker: Actually I think you're confusing the members of the committee from what I hear on the other side here, Mr Marchese.

When we spend \$22 billion on health care, does that come out of public education funding? No, it doesn't; it comes out of general revenues. When we spend the millions of dollars that we spend on transportation in this province, does that come out of education funding? No, it doesn't. When we have spent more money for developmental services this year, did that come out of public education? No, it didn't; it came out of general revenues.

Mr Marchese: I understand.

Hon Mrs Ecker: And so, Mr Marchese, one of the things I have been very clear about is that taking money from public education for independent schools would not be correct, and that is not what the government will be doing. We are going to continue—

Mr Marchese: OK, but you said—

Hon Mrs Ecker: —to invest in public education as we have in the past.

Mr Marchese: I understand. But you said the \$300 million will come out of public education. That's what your quotation said.

Hon Mrs Ecker: If you were to fund independent schools that way, that would be very detrimental to public education, but that's not what we're proposing to do. The discussions around the United Nations were talking about extending the same kinds of public funding rights to independent schools, and that is not what this government is doing. As you know, there were legal rulings and stuff about the legalities and that, and I'll leave that to the lawyers to discuss. The goal of this government is to have a strong public education system, the focus of which is improved student learning, and to respect parental choice. I know the opposition keeps saying this, hoping that if they repeat it often enough it will be true, but that does not make it true, because it isn't true. We are not taking one dollar from public education for any kind of funding for independent schools.

Mr Marchese: It's just that I know you say that, but that's not what you said then. That's all I'm trying to say to you, that when you were quoted, you said \$300 million would come out of public education. That's what you said.

Hon Mrs Ecker: If you did it the way they were recommending we do it, you would end up—if you extend public funding rights, you're walking into a whole different legal process, a legal world, if you will, that we don't think is appropriate.

Mr Marchese: So it's different.

Hon Mrs Ecker: We are not taking money from public education.

Mr Marchese: To pursue an argument you just made, you said, "We are not extending public school rights to these private schools; therefore, this new money doesn't come out of public education, it's from some other source." Is that basically what I'm hearing?

Hon Mrs Ecker: We can sit here and debate how many angels can dance on the head of a pin, but what is important to recognize—I think it's a very simple message, a very clear message—is that our priority continues to be the public education system. We have invested new money and we'll continue to invest in public education. The independent schools are being funded through a tax credit to parents, and that funding to parents is not in any way going to negatively impact on public education spending in Ontario.

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Mr Marchese: The fact of the matter is that you estimated it would be \$300 million that would come out of public education, but let's for a moment say not public education—

Hon Mrs Ecker: But that's why we're not taking money out of public education, Mr Marchese, because that would be very damaging to public education. I said it would be if we were to do it. We're not doing it, because I agree, it should not come out of public education and it isn't.

Mr Marchese: You're not doing it. That covers it. OK, great.

Hon Mrs Ecker: There seemed to be some doubt about that.

Mr Marchese: Yes, there is.

Hon Mrs Ecker: I just wanted to make it clear.

Mr Marchese: You're quite right. We're going to have this little discussion because I've got some more time. Let's just for a moment now agree you're doing something very different. What you said was different then, but it's different now because you're funding something else.

You estimated \$300 million would come out of—I'm not going to say public education any more—some other pot: consolidated revenue. Your Premier said that \$500 million to \$700 million would probably come out of—at the time he said public education, but now you're saying consolidated revenue. Is that still a lot of money that worries you in terms of the additional money you have to find, or not?

Hon Mrs Ecker: Mr Marchese, no one is finding money for independent schools out of the public education budget.

Mr Marchese: No, I realize that. I understand. I thought I was clear. So it's coming out of another pot now. You have to find it from some other pot.

Hon Mrs Ecker: We've increased money for developmental services this year. We've increased money for health care this year. We've increased money for environmental protection this year. We've increased money for public education this year. These are all priorities. This government said we would invest new monies, and we are indeed doing that. The other thing I think it is important to note—I think you might have misspoke yourself—is that was not the Premier's estimate of the cost of the tax credits.

Mr Marchese: We have quoted him as saying \$500 million. That's what he said.

Hon Mrs Ecker: That is not the estimate of a tax credit. If you're talking about funding independent schools as you would public schools, for example, that might indeed be a whole set of numbers but that's not the proposal the government is making, and we've been very clear what that proposal is.

Mr Marchese: Let me understand this. This is a tax credit. What would that proposal look like if you had done something different?

Hon Mrs Ecker: Mr Marchese, when you look at what other provinces do, some of them give direct grants and some of them fund a percentage of what public schools get. There's a whole range of direct grant processes that other jurisdictions use. We did not adopt that. We felt, because we respect parental choice—

Mr Marchese: I'm just asking what kind of a model would have amounted to \$300 million or \$500 million. Would that have been direct grants to them or—

Hon Mrs Ecker: The budget has been very clear that the estimate of the tax credit as we are proposing it should be approximately \$300 million when it comes to be fully implemented in 2006, several years from now.

Mr Marchese: I understand that. You were saying that this is a different system you propose as a tax credit, and whatever—

Hon Mrs Ecker: A tax credit is a very—schools in Ontario, as you probably know, get funded according to a formula—

Mr Marchese: I know that.

Hon Mrs Ecker: Yes, and it's been legally proven in courts etc. Tax credits to parents—

Mr Marchese: I'm not sure what question you're answering now.

Hon Mrs Ecker: It's a very different process.

Mr Marchese: Yes, I know. I'm just trying to ask you a question. You were estimating it would cost \$300 million to fund religious schools. Under what kind of a granting formula would that \$300 million have been taken out of public education? What would that have looked like versus the tax credit that comes from some other source?

Hon Mrs Ecker: The government's proposal is to fund tax credits for parents. We've been very clear on the estimate of that. We've been clear on how we wish to proceed on that. We did not wish to get into funding independent schools the way we fund the public schools. I think we have the correct priority for this government, for the people of Ontario, and that is on the public education system.

Mr Marchese: I understand that. I was just trying to ask different questions, but you're unwilling or not getting my question. Maybe I'm not clear enough, but we don't need to pursue it because in the scheme of things we can move on to other questions related to this.

You're giving out money to private schools. In my view—I suspect in the view of many Ontarians; I suspect in the view of many taxpayers—once you give public dollars to a private institution, religious or otherwise, do you think the taxpayer expects some accountability from them in terms of how that money is spent?

Hon Mrs Ecker: First of all, I'd just like to correct the premise of your question. The money is going to parents, and I think we should be very clear about that. It's going to parents via a tax credit. That's a very different method than how public education gets funded, and I think that's an important distinction that we make.

In terms of accountability to parents, I agree there should be accountability to parents in the public schools and the independent schools.

Mr Marchese: My view is that in spite of the fact that you're giving money to parents rather than the institution directly, in my mind it's the same thing. Public dollars are going to private schools, to a small number of people in private schools. I hold the view, and I think a lot of people in the public realm hold the same view, that if you're going to give money to individuals who go to these institutional places, these schools, we have to have the same rules for them as we have in the public system, ie the same curriculum, the expectation that there will be teachers, the expectation that if you're going to test teachers in the public system—if public dollars are going to these families who are in turn going to have their children in prep schools, they should be able to follow the same rigorous rules that you apply to public schools. Do you not agree?

Hon Mrs Ecker: As I said—

The Vice-Chair: We'll have to wrap up, Minister.

Hon Mrs Ecker: OK. Very quickly, I believe that public schools and independent schools should have accountability to parents, just like many parents home-school their children. I think that is another parental choice that this government respects.

Mr Marchese: I believe, yes, they should be accountable to those parents. We have that in the public system, but in addition, in the public system we are—everyone is—accountable to you and to your rules and regulations. So you say teachers will be tested. They're already accountable in so many other ways, but you're saying in the public system they will be tested because you feel that's—

Hon Mrs Ecker: A certified teacher, regardless of who employs them—

Mr Marchese: Why wouldn't you expect that the teacher in the private school be tested too, given that they are going to get public dollars?

Hon Mrs Ecker: So you're implying they're bad teachers in independent schools?

Mr Marchese: No, I'm saying apply the same rules.

The Vice-Chair: We have about 18 minutes left in the estimates of the Ministry of Education. I'm going to rotate that 18 minutes in six-minute portions. We'll start with the Liberals, then we'll go back to the NDP and then go back to the Conservatives.

Mr Kennedy: Could I get unanimous consent to have my time extended to 60 minutes? Is that a possibility?

The Vice-Chair: You can always ask it, but I don't think you'll get it.

Mr Kennedy: The minister was agreeing, and I appreciate that.

Hon Mrs Ecker: Given where I'm going next, I might agree to that, but I'd better not get into trouble.

Mr Kennedy: Minister, there was a private meeting held by the Minister of Finance inviting people to make comments on the tax credit. When you were here last, you said you had not made any submissions concerning the private tax voucher, or credit, as you wish to call it. I'm wondering if you have made any submissions to the Minister of Finance around conditions to be placed on the private school tax credit.

Hon Mrs Ecker: Ministry officials have certainly consulted with Ministry of Finance officials and offered their advice. It's my understanding that there have been not only meetings with individuals and organizations by the parliamentary assistant and other members of our caucus; there have also been many written submissions. Indeed, they will still be coming in until the end of this week, as I understand it.

Mr Kennedy: Sorry, Minister. I'm asking you yourself, as the minister—and we have discussed a little bit before your unique role in this province on behalf of public education—have you made representations or submissions, have you taken a position you'd like to share with this committee today? You're asking us to authorize the money for your ministry. Have you done something to put forward a position on what kind of requirements there should be for private school tax credits or not?

Hon Mrs Ecker: As a cabinet minister, I always put forward my views on issues that I think impact on public education or other issues which affect my ministry or my responsibilities as an MPP. I have offered my advice in this area as well to my caucus colleagues. As you know, what transpires in caucus and in cabinet is confidential. The government will make its decision as to how to take all of the submissions and the input they have received to date on this matter as to where to and how to develop an accountability framework for independent schools.

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Mr Kennedy: Minister, I don't know exactly how you feel about it; you perhaps can take a second and tell us.

But I am offended on your behalf that the Ministry of Finance is making all these decisions. I do know that there are many people out there, people whom you meet in your day-to-day travels and so on, and they look to you. I'm just wondering, do you have anything to say to them about what safeguards you'll be seeking? Is there anything that you can share publicly with those people on how your government as a whole will proceed with this private school tax credit initiative, anything at all?

Hon Mrs Ecker: Mr Kennedy, I have provided advice. I will continue to do that. That is my job as Minister of Education. The Ministry of Finance is not making the decisions. Cabinet will make this decision, as it does other decisions. That's part of how any government proceeds. That's how this government will proceed.

Input is still coming in from individuals as to how the government should answer the question of accountability, and that's what will be considered. I believe there do need to be eligibility criteria for an independent tax credit, and this government will be announcing what those will be at the conclusion of that process.

Mr Kennedy: Minister, you noted cabinet; it's actually the Minister of Finance, but I appreciate the limited answer you're able to provide me, and I would like to ask you about your own ministry.

Your own ministry has increased administration spending in the last short while. I'm wondering if you could tell us—in the limited time, not getting unanimous consent, I'd like to know specifically if you could address the amount of money that you're diverting away from children to advertising. I'm wondering if you could identify specifically—two years ago in this committee you were asked, and you agreed to provide specifically, where the advertising funds were coming from. Further, Madam Minister, you agreed to provide a protocol as to which members of your ministry, which of these fine staff you have with you today, sign off on that advertising so we can be sure it's in the public interest and not serving any partisan purpose. So, very specifically, how much money are you spending in your total budget this year, and where can we find it in estimates, on public advertising?

Hon Mrs Ecker: First of all, Mr Kennedy, officials can talk about our communications spending for the ministry. It does not come out of money that goes to school boards. As you know, we fund our public schools by very clear, consistent standards and a formula which has been validated in the courts. So we do not take money from that budget to do anything. That would not be something I would support, so we don't do that.

Second, on the administration funding, again that was largely because of reallocations, which the staff can talk to you about.

Mr Kennedy: They're noted in estimates, Minister, but I wonder, just for a point of clarification—

Hon Mrs Ecker: You did ask. Sorry.

Mr Kennedy: In a previous year you did indicate, or your staff did indicate, various sources—in other words, not one single place you could find advertising dollars—

and it included operating funds, which are ostensibly for the support of children's education. But I just wonder—

Hon Mrs Ecker: No, the ministry has operating funds. Mr Kennedy. Let's be clear.

Mr Kennedy: We can refer this to an objective source. I'm very—

Hon Mrs Ecker: The ministry has operating funds. We do not take it from school board operating funds.

Mr Kennedy: Madam Minister, I agree with that, but it does come from funds that are supposed to support the operations of school boards, and I think advertising over their heads is a funny way to do that. But, Minister, you have other priorities.

Hon Mrs Ecker: There is money for the ministry to operate and to communicate. That's part of the budget process. It doesn't come—

Mr Kennedy: Minister, I think you'll like the question, so I wonder if I could—

Hon Mrs Ecker: —from the operating funds of the schools.

Mr Kennedy: —direct your attention to it.

The Vice-Chair: Let's get some audible dialogue here.

Mr Kennedy: Minister, if the bureaucracy—and I say that in the most positive fashion—the able people you have here, could provide us with an accounting of exactly where the advertising dollars are coming from, and if they could pick up the unanswered, promised undertaking of two years ago to give us in writing the procedures by which this kind of advertising is approved and by whom it's signed off, I think those are accountability questions. I am troubled by the fact they haven't been answered over the past two years, and I would like to know. If that information isn't here today, could we at least give the main sources of advertising and where they are to be found in estimates? I think it's a reasonable question and I hope you would agree. I'm quite willing to rely on your staff for that answer.

The Vice-Chair: Mr Kennedy, as you had suggested, it's better off in writing because the time is up for—

Mr Kennedy: Mr Chair, with all respect, could we at least ask the minister to indicate positively or negatively whether that information will be forthcoming?

The Vice-Chair: Is it a yes or no you're looking for?

Mr Kennedy: Yes, I am.

Hon Mrs Ecker: Certainly we can provide information.

The Vice-Chair: Mr Marchese, you have six minutes.

Mr Marchese: This is a good question here that Mr Kennedy is raising. It interests me. It intrigues me, in fact.

Do you think there's a difference between what Liberals might have done when they were in power and what the NDP might have done when we were in power versus what you're doing when you're in power in terms of public advertising to explain to the public what we're doing?

Hon Mrs Ecker: Mr Marchese, I think every government in a democratically elected society should com-

municate with the public. I see that as part of the obligation of government.

Mr Marchese: Me too. When you were in opposition—you weren't there, so it's unfair to you—but when your friends were there, they used to attack the NDP for spending money, I dare say, differently than you are. But we were spending money to advertise, to publicize what the government was doing. Do you have a sense of why they would criticize us like that?

Hon Mrs Ecker: Actually, yes, I do.

Mr Marchese: Oh, you were there.

Hon Mrs Ecker: The one I remember is a full-colour, almost life-size poster of Mr Hampton as Minister of Natural Resources, if you want to compare that against brochures that go out to parents with information on what's happening in education and give them an opportunity to respond—

Mr Marchese: That's the difference. Now I understand.

Hon Mrs Ecker: —so they can provide input. Obviously there will always be disagreement between government and opposition. But that may have been one reason why my colleagues from before might well have criticized your government.

Mr Marchese: I was going to ask you just to get a fair sense, you see, because I—

Mr Mazzilli: You don't like the answer.

Mr Marchese: You expect that, right? It's beautiful, because when you're in opposition, as we've all been—some of you haven't yet but you will be—you say exactly what they did when they were there. Mike Harris used to say that all the time. He used to decry the dollars we were spending. I remember, because we had this discussion with our former Premier, Bob Rae, whom we were urging to do a television program, Frank, because he would be unfiltered by the media. It would be direct and he would talk to the public. He expressed reservations about spending money to do that, and we were saying, "But that's the only opportunity we've got to communicate directly with the public." We had a good man on the job who was worried about spending public dollars.

Hon Mrs Ecker: Mr Marchese, I've been involved in politics, not as elected before 1995, but I have never disagreed with the government's right to communicate with the public. I might disagree with how or what they say. That's fair, that's part of a democratic process, but I think the principle is extremely important.

Mr Marchese: I agree with you. I was just reminding you, for your benefit and theirs, because they're still so fresh on the other side, that when you were in opposition you weren't so charitable. But that's another point.

To get back to the previous discussion—

Hon Mrs Ecker: I'm always charitable, Mr Marchese.

Mr Marchese: It depends with whom, and from time to time.

The point you raised earlier about, "Are you," meaning me—

Hon Mrs Ecker: Can I—

Mr Marchese: We're moving on.

Hon Mrs Ecker: OK. It was a good one, actually.

Mr Marchese: But you can still use it. You can always fit it in.

Hon Mrs Ecker: Yes. I might.

Mr Marchese: You were saying to me, "Are you implying, Mr Marchese, that teachers who teach in the private schools are bad?" I wasn't saying that.

Hon Mrs Ecker: I knew you must have misspoken yourself. That's why I gave you the opportunity to clarify.

Mr Marchese: I didn't misspeak at all, and I'm going to clarify, in the event that you thought I misspoke myself.

What I was saying was, shouldn't the rules be applied fairly and equally to both systems? That's all I'm saying. I'm not agreeing with your teacher testing, by the way, and that's another, longer debate and we can't really have it here. I disagree with what you folks are doing, because it's all politics. I know that. I'm saying that it is, but we don't have time for that. I'm asking a different question at the moment.

You're saying that I said that those teachers in the private schools are bad. I'm not saying that. I argue that you should apply the same standards to both.

Hon Mrs Ecker: We do: certified teachers in both.

Mr Marchese: OK. So the certified teachers in the private system will be tested? Those who are teachers in the private school system, the ones you're funding through the tax credit, will be tested as well and go through the courses—

Hon Mrs Ecker: Mr Marchese, a certified teacher is a certified teacher is a certified teacher.

The Vice-Chair: You've got a minute to wrap it up.

Hon Mrs Ecker: The policy and the legislation we passed deal with certified teachers, as I believe they should.

Mr Marchese: I didn't know you were doing that. You might put that out for the sake of clarity, for those of us who didn't know it applies to every teacher in the private schools, they ones you are about to fund. If you're doing that, I think it's helpful to the general public.

Hon Mrs Ecker: Certified teachers.

Mr Marchese: That minute flew.

The Vice-Chair: Thank you. That six minutes really flew by. It was a rather interesting exchange.

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Mr Mazzilli: Thank you, Minister. I want to compliment you and your staff. You've been working hard over the summer. What I've noticed in the London community is that things have gotten off to a relatively good start. From what I'm hearing from family members who are in the teaching profession and so on is that the workload issues have essentially been solved and extracurricular activities are generally functioning very well. So I want to thank you and congratulate you and your staff.

I'd also like to talk for a moment on the teacher shortages that we're going to see in the future, and it's not just teaching. If you hear from some opposition members, they like to talk about it like it's the only place of shortages. In fact, there is a shortage of professionals throughout the province, whether it's physicians, whether it's nurses, and teaching is among those professions.

I also believe that when economies change, the best professions that come out of it, or are able to get some very good people, are ones that see that there have been some layoffs in certain sectors. Let's take for example the high-tech field. For the last six months some very well-educated people in the high-tech industry have found themselves without work. These are people we could certainly use in the teaching ranks. These are the people we have been trying to recruit into teaching. I guess I'm asking, are there any strategies, from your perspective or from the ministry perspective, of trying to attract these professionals to the teaching profession and letting them in the door?

Sometimes there are unreasonable requests: you want someone to go and take some kind of training for two years in the middle of a time where they may have families and so on. Are there programs we can come up with that can get some people who are already educated into the classroom to teach in their fields?

Hon Mrs Ecker: Mr Mazzilli, I'm just going to ask Norbert Hartmann, who's the ADM with our ministry, to talk a little bit about that.

Mr Mazzilli: That would be great.

Mr Norbert Hartmann: Norbert Hartmann, assistant deputy minister for education.

What the minister indicated earlier was that we've established a working committee which has not only put together the estimates in the process for determining what our needs are in the future, but also where those specific needs are, particularly in shortage areas like the kind you just mentioned, Mr Mazzilli. That is also reporting back on what kinds of strategies would be best put in place in order to do exactly as you indicated: what would make teaching attractive to them? What kinds of programs and processes would we would have to be putting in place to make use of that kind of talent that is available? We expect those kinds of reports to be able to be considered by the minister over the course of the next three to four months.

Mr Mazzilli: I await that.

If you look back at some of the shortages in the past, my understanding is that there were shortages in the 1960s and some changes were made. Some of the best teachers I had went into teaching when there were shortages and there was the opportunity to go into teaching, which otherwise they probably could not have pursued at that time.

I feel strongly that there are people in that situation today. The ministry should take every step to try and attract those people to the teaching profession.

I will move it on to Mr Klees.

Mr Klees: Minister, I'd like to talk about the province-wide student testing. The feedback I've had in my

constituency has generally been very positive. In fact, you're to be commended for implementing something that I think is long overdue in this province.

Nevertheless, there have been some glitches in the system, apparently, and we've heard that there were some administrative problems. I'd like you to comment on where we are and how you see this system being extended perhaps to other grade levels, and if that is the case, if that's the plan, in what time frame. I would also like to ask how many independent schools across the province have taken advantage of this testing system; and if in fact the independent schools are participating in this student testing, do we have statistics in terms of how well the students in the independent schools, as a group, are doing compared to students in the public system?

The Vice-Chair: Minister, again I unfortunately have to say that you don't have time to respond. We are out of time.

Hon Mrs Ecker: We will get that information for you, Mr Klees.

The Vice-Chair: We have come now to the other phase of the reviewing of the Ministry of Education, where we shall proceed to voting on the Ministry of Education estimates.

For the Ministry of Education, shall vote 1001 carry? Has it been carried?

Interjection: Carried.

The Vice-Chair: It was silent over there.

Shall vote 1002 carry? Carried.

Shall the estimates of the Ministry of Education carry? Carried.

Therefore, shall I report the estimates of the Ministry of Education to the House? I shall do so.

I want to thank you, Madam Minister and the staff of the Ministry of Education, for your presentation and your attendance.

I will then ask for a recess of 10 minutes so that the Ministry of Health can set up. Thank you.

The committee recessed from 1657 to 1712.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr Gerard Kennedy): I apologize for the delay. We welcome the parliamentary assistant. We are proceeding with vote 1401 for the estimates of the Ministry of Health. As I think people are aware, the format is a 30-minute presentation from the minister or minister's representative, followed by 30 minutes for each of the caucuses, and from there to 20-minute rotation. Mr Maves, would you like to proceed?

Mr Bart Maves (Niagara Falls): I am very pleased to appear before you to review the estimates for the Ministry of Health and Long-Term Care for 2001-02. I appreciate this opportunity to discuss our government's and this ministry's achievements with respect to Ontario's health system. I'm pleased to outline our strategies for continuing to create a better system.

Minister Clement, as all of you I am sure are aware, is at the health ministers' conference in Newfoundland. I understand that we have moved tomorrow's session into the future in order to accommodate his attendance.

As you know, Ontario's current health care system was first established in the 1970s, but health care, like everything else, has changed a lot since then. There have been huge advances in technology, medical diagnosis and treatments, and the medical needs of people have changed too. People are living longer and healthier than ever before. In fact, the greatest challenges facing our health system in the 21st century are population growth and aging.

In the face of these changes, people in Ontario have to know that the system will be there for them and for their families when and where they need it. They have to be assured that they'll have timely access to existing health and long-term-care services and to new treatments and services in the future.

I am pleased today to update you on our progress with fundamental reforms and new initiatives that are helping us to achieve our goal.

In 2001-02, Ontario's spending on health programs and services will increase for the sixth consecutive year, to \$23.5 billion on a PSAB basis, or \$24.4 billion on a cash basis, as you can see in the printed estimates before you. That's \$1.2 billion more in PSAB funding, or \$1.3 billion more in cash than in 2000-01. That means the government will meet its 1999 Blueprint commitment to increase health care spending by 20%, two years ahead of schedule.

But I must emphasize that increasing spending at this rate is not sustainable, given that our population is growing, health services are being used more, and more sophisticated technologies and drugs are driving up costs. Responsible choices and tough decisions are needed, not only to sustain, but to save our health care system.

That's why the ministry supported the Premier in his role to negotiate restoration of the Canada health and social transfer from the federal government. Although the partial restoration is a good first step, the federal government is still providing less to health care in Ontario than it did in 1995. The federal contribution is less than 14 cents on the dollar for health.

That's why we believe that a national dialogue on health care is long overdue. However, the results of the federal Commission on the Future of Health Care in Canada, the Romanow commission, are not due until November 2002. This is far too long to wait. We want to deal with saving our health system much sooner, and we want the public in Ontario to take an active role in considering fundamental changes to the health system.

That's why, in early August, we mailed a questionnaire to every Ontario household to begin this public dialogue. We began asking patients, doctors, nurses, administrators—everyone who is concerned about health care—to identify needed reforms and the best way to use the billions of dollars spent annually on health.

We're continuing to call upon the federal government to provide adequate, sustainable, long-term health care

funding. At this year's conference in Victoria, British Columbia, the nation's Premiers unanimously called on the federal government to restore its funding of health care to at least 18%, the federal share prior to the 1996 cuts. We simply want the federal government to provide its fair share.

We know that health care spending has increased at a dramatic pace: 27% in five years; 19% in the past two years alone. We know that health care resources are not endless and that such double-digit increases in health spending are no longer sustainable. At the current rate of increase, within five years, health spending would consume 60% of Ontario's operating budget, up from 45% today and 38% in 1995.

Spending pressures of such magnitude raise serious questions about the long-term sustainability of Ontario's health system; questions about the very real possibility that demand might outstrip resources. These pressures challenge us to think differently about how we organize health care; about how we deliver vital services; and to which services we allocate health dollars. Most importantly, they challenge us to entrench accountability for those health dollars in every facet of our health system.

That brings me to the focal point of our government's vision for the future of health care in this province. Our government believes that a strong commitment to providing the best possible care, the best possible customer service, goes hand in hand with accountability. To improve health care and services, we must first understand how those services are performing. Accountability brings with it the obligation to answer for results and the way in which responsibilities are discharged, and accountability rests on the shoulders of all of us. That includes all of us in government, it includes all health system providers and it includes all who use the health system.

We have a number of measures in place to ensure that our health care system is delivering the highest level of care to Ontario residents, including mechanisms such as operating plans, service agreements and compliance reviews. As a government, our challenge is to ensure accountability to Ontario's taxpayers by showing exactly how and how well their tax dollars are being spent.

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We may not directly manage the health system, but the public holds us accountable for ensuring the provision of health services. Some 96% of our health budget transfers to service providers, ranging from publicly funded hospitals to 20,000 doctors and drug costs for two million people in Ontario. Our transfer partners must be accountable for the cost of their services and their part in the health system. I am pleased to report that the establishment of a patients' charter and the publishing of hospital report cards are two decisive steps in this direction.

With this year's Hospital Report 2001, we deepened our commitment to performance reporting for both the public and the providers of health care. Released in July, the report card reflects our commitment to conduct and publish measurements of how efficiently Ontario's hospi-

als are operating, how they compare with one another, where they have achieved successes, and where there is room for improvement.

Hospitals are already accountable to their boards and their patients, but with report cards they subject their performance to the toughest judges of all: Ontario's taxpayers. Hospital report cards are ensuring that health care administrators do not set their own standards in isolation. The report cards create an opportunity for comparison with others and for sharing best practices.

Just as providers must be accountable to the public, the public must become accountable for its own use of health services. Among individuals, personal accountability means taking responsibility for one's own health and health care. Within the broader community, accountability calls for public recognition of the stresses and strains on our health system and it calls for the public to take an active role in considering fundamental changes to our health system.

I think there is an awareness among everyone in Ontario that Canada's health system is under stress and that our government, like those of other provinces, is working hard to improve and enhance all facets of the health care system. In spite of the need for federal funding, our strategies for 2001-02 continue to support Ontario's health objectives of keeping people healthy, providing early diagnosis and treatment, ensuring timely access to health care and treatment, and providing health services closer to home. Central to these objectives is a hospital system that maintains the very highest quality of patient care.

In the past three years we've increased funding by over 25%. Hospitals will receive \$8.6 billion base funding in 2001-02. This amount supports the most extensive modernization of hospitals ever undertaken in Canada and includes increases in global budgets for every public hospital in the province, a separate allocation to implement a new funding formula, coupled with new funding for priority programs such as cardiac care and dialysis.

Our overall goal is to ensure that the health care system is integrated, provides care as close to home as possible and remains accessible to all Ontario residents. To better coordinate programs and services across this vast province and among our many health care providers, we will continue to develop integrated networks that provide access to a range of services that put the patient first, while using resources more effectively and efficiently.

Our commitments include ensuring that rural and northern hospitals develop networks to improve patient services, and that regional emergency services networks across the province, made up of hospitals, long-term-care facilities, ambulance services and community care access centres, meet to address emergency room issues.

We will take a look at how health care providers, including community agencies, can improve their efficiency and effectiveness. We will continue our zero tolerance policy for fraud by working with the OPP and our partners in the health care system to help identify ways to

prevent and deter fraud. We are committed to implementing the legislative reforms necessary to tackle fraud more strongly and to ensure offenders are held accountable.

Detecting an illness early, whether it's heart disease, cancer or diabetes, means better, more timely treatment. That's why the ministry has supported the expansion of the Ontario breast screening program so all women aged 50 and over can have better access to breast screening. As of June 2001, there are 77 Ontario breast screening program sites across the province; 56 of those sites have opened since 1996.

Prior to 1995, there were 12 publicly funded magnetic resonance imaging machines across the province, which can reduce the need for expensive exploratory surgery. By the spring of 2002, there will be 43 machines in Ontario. These high-tech machines can detect brain and spinal diseases, several forms of cancer, musculoskeletal disorders and many heart conditions. We are continuing to improve access to health services throughout Ontario.

Fundamental to our vision of the future of our health system is primary care expansion: the development of an accessible, integrated, dependable system, where physicians and other practitioners work in teams to provide comprehensive care to patients 24 hours a day, seven days a week. I'm proud to note that our primary care expansion initiative has made significant advances. More than 175 physicians and more than 245,000 patients have joined Ontario family health networks across the province.

During 2000, the ministry and the Ontario Medical Association agreed to expand these networks. Primary care networks were renamed Ontario family health networks in early 2001, and we made the announcement that Dr Ruth Wilson would be the chair of the Ontario Family Health Network Agency.

Our goal is to have 80% of eligible family doctors practising in more than 600 family health networks by the end of 2004. To achieve this, the 2000 Ontario budget provided \$100 million in incentive funding for doctors and \$150 million for information technology to support these networks.

Information technology that allows information sharing among health care professionals while protecting the privacy of sensitive data is key to making the Ontario family health network expansion work. As well, 2001-02 will see us enhancing the use of information technology to improve health services.

Smart Systems for Health will create a "digital nervous system" to connect health care providers to one another. Through a secure information network, health care providers will be able to quickly access health information needed for patient care. For example, the Ontario Laboratory Information System will give doctors timely access to their patients' lab test results.

In 2000-01 we continued to develop the Ontario Laboratory Information System. Laboratory reform planning involving doctors, hospitals and community labs began in three regions of the province. Reform of hospital and

community labs will reduce duplication of services and increase accountability, quality and access.

The sustainability of our health system greatly depends on patients being able to receive care in their communities rather than in hospitals. One of the most important aspects of Ontario's health system reform is the dramatic shift from institution-based care to community-based health services.

Medical advances in technology and drugs mean that people are spending much less time in hospital yet requiring more care either in their homes or in community-based facilities. For instance, some 70% of surgery now happens on an outpatient basis.

Our government is continuing to develop long-term-care beds to ensure that there is care for the elderly and to ensure improved quality of life in nursing homes and homes for the aged.

To continue to meet the needs of a growing and aging population and to ensure that new long-term-care beds are built on time and in service areas where they are most needed, we established the long-term-care redevelopment project early last year.

This project has helped to cut red tape and reduce delays for operators assembling land and obtaining zoning approvals. We also streamlined processes and made it easier to create successful partnerships and joint ventures for developing and constructing long-term-care beds. With over 2,600 beds built already, we should have more than 6,000 ready by the spring of 2002, and we remain committed to building 20,000 new beds by 2004 and redeveloping 16,000 old beds by 2006.

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To support Ontarians already in long-term-care beds, we've increased our funding from a per diem of \$80 in 1995 to over \$102 this year. This represents a 28% increase over the last six years. As well, long-term-care facilities will receive \$25.3 million this year to replace outdated equipment. Health care providers in long-term-care facilities will be able to use better and more efficient treatment equipment to increase access to diagnostic and treatment services.

As well, our government spends \$1.6 billion annually to provide in-home health care and support services to let people recuperate at home, live independently and stay at home longer instead of being admitted to hospitals or long-term-care facilities. We also expanded school health supports, personal support services and medical equipment to children outside the provincial public school system.

To help meet the needs of patients across the province, our government is working aggressively to address the issue of physician supply and distribution. We provided \$1 million to increase the future supply of doctors by expanding medical school enrolment by 40 positions in the fall of 2000. This was in response to the interim report of the ministry-appointed expert panel on health professional human resources. I'm pleased to report that these positions were filled at the start of the 2000 academic year. Also in response to the expert panel on

health professional human resources, we are committed to a northern medical school, with a main site at Laurentian University in Sudbury and a clinical education campus at Lakehead University in Thunder Bay.

Medical school enrolment will be expanded by up to 120 positions over the next two years across the province, and post-graduate training positions will increase by up to 25 in northern and rural communities, beginning in 2002.

We are also expanding the existing international medical graduate program and introducing a new program that will bring as many as 40 new doctors each year to underserved communities that sponsor them. These two programs combined will mean that as many as 90 foreign-trained doctors will be assessed and trained to practise in Ontario each year, up from the current number of 36.

We recently committed \$4 million to provide free tuition and location incentives to new doctors willing to practise in underserved areas. As well, we committed \$11 million annually to expand medical training programs targeted to underserved areas and specialties and to provide training opportunities to enable more foreign-trained doctors to practise medicine in Ontario.

Most recently, on July 11, we stepped up our commitment to keeping physicians in the north by announcing a three-year, \$20-million northern physicians retention initiative. This incentive will help ensure that doctors not only come to northern communities but build roots in those communities.

In its 1999 report, the nursing task force recommended that the government invest \$375 million in annual funding for nursing positions by 2000. We've exceeded that target over the last two years in order to create new nursing positions across all sectors, invest in continuing education for nurses, reform basic nursing education, support nursing scientists to conduct research to guide nursing human resources planning, and to create 106 nurse practitioner positions.

We're seeing our concerted efforts to bring more nurses into the workforce come to fruition. According to the most recent report of the joint provincial nursing committee, there are more nurses working in Ontario today than there have been at any point in the past decade. The report confirms that new funding for nursing has created the equivalent of 12,833 new nursing positions in Ontario.

We're also seeing a significant increase in applications to nursing programs this year. Almost all colleges and universities expect to exceed their expanded enrolment targets this fall. That's great news for the future of nursing in Ontario.

We are continuing to expand and strengthen community services in all aspects of health care, including mental health. The 2001 Ontario budget invests an additional \$26.4 million over three years to improve facilities for community mental health organizations. It provides \$20 million annually to support children's treatment

centres and commits \$15 million a year government-wide to break the cycle of youth prostitution.

One responsibility of a modern health system is to show people how they can lead healthy lives and stay healthy. With this in mind, our government will continue to focus on public health promotion. We know that most illnesses and premature deaths are preventable. For example, in Ontario it's estimated that more than 25% of all deaths attributable to cancer are due to tobacco use, poor nutrition, physical inactivity or alcohol consumption. And there are few who are unaware of the impact of smoking, the leading preventable cause of premature death, disease and disability. That's why, in 2000-01, the ministry increased its illness prevention programs. Health promotion and disease prevention programs pay off by creating a healthier population, reducing human and financial stresses on the system and strengthening the system's sustainability.

We have renewed our efforts to promote healthier lifestyles with the Ontario tobacco strategy, which focuses on public education, smoking cessation and preventing smoking among young people. Funding for anti-tobacco initiatives increased from \$9 million to \$19 million last year. This included \$1 million to help the Canadian Cancer Society establish the Smokers' Helpline, a province-wide, toll-free telephone service to help people quit smoking. We are renewing that additional \$10 million in tobacco strategy funding for 2001-02.

A \$17-million, five-year heart health program raised public awareness about the benefits of physical activity and healthy eating to reduce heart disease. This funding supported the work of more than 700 community groups and 37 agencies in spreading information about heart health throughout the province.

Ontario's diabetes strategy focuses on promoting self-care and preventing complications for the more than 600,000 people diagnosed with diabetes in the province, and we invested an additional \$7 million to expand diabetes education programs across Ontario. Currently, 120 programs are in operation.

Each year, 15,000 people in Ontario suffer from strokes, which are the leading cause of adult neurological disability. But new life-saving treatments offer opportunities to reduce death and damage from strokes. I am pleased to report that we are implementing one of the most comprehensive strategies in North America to prevent strokes and rehabilitate stroke victims. The ministry has committed \$30 million annually to implement a province-wide system of organized stroke centres across the continuum of care. In addition, our government is investing in improved rehabilitation for stroke survivors and better prevention programs throughout Ontario.

We increased funding for our Healthy Babies, Healthy Children program from \$20 million in 1998-99 to \$67 million in 2000-01. This program is part of our long-term commitment to an integrated system of effective services that improves the well-being of children in Ontario. The program screens newborns in hospitals and contacts the

family by phone 48 hours after hospital discharge. It provides assessments by public health nurses, links families with services and offers home visits. We also developed plans for a universal hearing screening program for children.

Let me give you just a few more highlights. Our government has invested \$4 million in asthma research, education and prevention, and in helping patients manage the disease. We also helped implement arthritis management pilot projects at five community health centres last year. Sixty AIDS service organizations received a total increase of \$1 million, allowing them to strengthen their support to people living with HIV and their families and friends, and to enhance HIV prevention education for communities at risk of HIV infection.

What I've given you today is a brief overview of what we've accomplished so far and what we are continuing to do as we reform Ontario's health system. I'm proud of the steps we've taken since we took office in 1995, and I'm proud too that our government has made the tough decisions needed along the way.

In closing, I want to emphasize that we stand firm in our commitment to rebuild Ontario's health system and that we will continue to establish the policies and programs needed to ensure health and long-term-care services that are accessible, sustainable and affordable for us, for our children and for the generations of the future.

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The Chair: Thank you, Mr Maves. There are approximately two minutes remaining in your time, if there's anything you would like to add extemporaneously. We've also circulated your remarks for the benefit of the committee. Is there anything further, or would you like us to proceed?

Mr Maves: Let me just say that part of my speech dealt with the tobacco strategy. I know that the minister, who will be before the estimates committee on future days, has been very active in this and he's looked at some of the tobacco strategies in other jurisdictions, not only in Canada but in the United States. I know that's an area of keen interest for the minister which he will probably be anxious to expand upon when he meets in the coming days with the estimates committee.

The Chair: Now to Mrs McLeod for the official opposition. You have 30 minutes.

Mr Klees: Chair, if I might—

The Chair: Is that a point of order, Mr Klees?

Mr Klees: It is. On a point of clarification here, in light of the fact that we have agreed that we will defer the next session until the minister arrives, I would just suggest that any questions that may be put would be at the discretion or at the choice of the parliamentary assistant. If he chooses to defer any questions to the minister, that would be his prerogative.

The Chair: Yes, and let me make that clear. This section is a presentation session but the presenting minister or minister-designate can choose whether or not to entertain questions. I assume that probably was something Mrs McLeod was going to put forward.

Mrs Lyn McLeod (Thunder Bay-Atikokan): It was indeed. I would like to move to questions, but I would certainly, in that context, respect the right of the parliamentary assistant to defer to the minister. It's quite possible that many questions would need some background information to be brought forward anyway.

The Chair: If there is agreement, we will proceed on that basis—it's well understood—and we'll make use of the remaining time we have today. Mrs McLeod, please proceed. You have approximately 15 minutes before we're done today and 15 minutes in the next round.

Mrs McLeod: I would like to proceed to questions, although I would just like to take a moment, not to put this a subject for debate or even response, but just to put some facts on the record about federal proportion of funding so that the record could show that the federal funding this year, with tax points and cash transfers, is \$9.6 billion of \$23.8 billion in spending, which is 40 cents on the public dollar. The province's contribution is \$14.2 billion, which is 60 cents on the public dollar. We recognize, of course, that since there is 32% of total health care spending in Ontario which is private, the province's total contribution to health care spending is 36% of total health care spending dollars. I just want to note that as a matter of record.

Also, with the \$1.2-billion cash transfer—and I recognize that's offset—there's about \$623 million of the increase in this year's health spending which is directly attributable to federal transfers and that 80% of the increase in health care spending in Ontario since 1997-98 has been the result of federal cash transfers. Let me just put that on the record.

I would just ask one basic question off the top. Mr Maves, I appreciated the fact that you spoke to the difference between the PSAB figure of \$23.5 billion and the estimates figure of \$24.4 billion, but I wonder if I could just ask if you could reconcile that for me in terms of the difference between the PSAB and the estimate figures. Is that approximately \$1 billion of funding that was booked in previous budgets but not spent, that is, to be spent this year?

Ms Maureen Adamson: I am Maureen Adamson, assistant deputy minister of corporate services. It is actually not as simple as that. There are a number of adjusting entries, obviously, to move from a cash basis to a PSAB basis. There's a reconciliation in the front of the estimates book, and we can expand on that if you wish.

Mrs McLeod: I would appreciate just particularly knowing what major expenditures had been booked in previous years and where you expect to actually make the expenditure this year. I'm happy to have that tabled at a future date.

Ms Adamson: We can table it at a future date. It's not always expenditures in future years, though. As you know, it is setting up liabilities that have a timing difference around the cash flow, so it's not always previous years.

Mrs McLeod: I appreciate that. I'm really just looking for booked expenditures that you expect to flow this year.

Then just, again, a relatively minor issue before I turn to something a little bit more substantive. If I could take you to page 27 of the estimates book, I'm looking at "Ministry administration." I probably would have some questions about ministry administration, but if there's time at the end of estimates I'll return to that, because I'm not sure if it was the reorganization of the ministry that meant that you were about \$34 million overspent on the ministry administration budget last year, or just what happened. But I'll return to that if there's an opportunity.

What I did want to particularly look at in the ministry overrun from estimates to actual spending, on page 27 under the communications budget, was the fact that under communications services the services budget went from an estimate of \$3 million to \$16 million. I wonder if you could just explain that to me, what those services would be?

Ms Adamson: Can we ask the director of communications to respond to that, John Bozzo?

Mr John Bozzo: I'm John Bozzo, the director of communications for the Ministry of Health. The numbers are in fact from \$3 million to about \$16 million. In every year there are contingency funds put aside for specific communications activities that may not have been put into the original budgets. For example, the flu program, the Telehealth program, all of those were items that had proceeded during that calendar year for which there needed to be some communications activity. That explains the difference from the \$3 million to the \$16 million.

Mrs McLeod: While I have you here, would the ministry's advertising budget be under this budget line?

Mr Bozzo: Yes.

Mrs McLeod: Can you tell me what the actual advertising budget for the ministry was last year, then?

Mr Bozzo: In actual expenditures?

Mrs McLeod: Yes.

Mr Bozzo: In terms of media buy, it was \$13 million.

Mrs McLeod: In terms of media buy, it was \$13 million last year. Do you have a comparison for the previous—

Mr Bozzo:—the previous years? I don't have it here, but if I recall, it was about \$10 million last year and it was about \$8 million the year before, in that range.

Mrs McLeod: That's in media buy. Can you tell me about publications that were distributed, every-home publications, for example?

Mr Bozzo: I don't have that figure here but I could get that.

Mrs McLeod: If you could get that for me I would appreciate it. In that figure, could you include the cost of the consultation document that went out this summer?

Mr Bozzo: Yes. That was in this year and that was \$2.1 million.

Mr Maves: If I could add, Mrs McLeod, the media buy for 2000-01, which is the one where you talked about the large increase, was for the influenza campaign, Telehealth, Hep-C, the federal-provincial campaign, nursing home advertising and emergency health. The flu

campaign, as you know, was the first time that we did that province-wide.

Mrs McLeod: I think that's why I particularly would want to see the door-to-door distribution costs. I appreciate that the media buy was often to get information to the public.

If I can turn, then, in the time that we have—and we'll just really get started in the next moments—to the issue of hospital funding and direct you to page 71 of the estimates book. With all of the programs that are here in "Integrated health care," I know it's going to take a substantive part of our time, but I do want to focus initially on the line of transfer payments specifically for the operation of hospitals. I noted that Mr Maves used the figure of \$8.6 billion for hospital funding this year, which was the figure that was announced in July with the \$200 million announcement. So I assume that we will see then, on top of the \$8.47 billion that is in the estimates books for this year's spending, a supplementary estimate for the \$200 million that was announced in July that is supplementary to the current estimates?

Mr Maves: Yes. That \$8.47-billion figure for the 2001-02 estimates will change to reflect the announced funding.

Mrs McLeod: I'm having difficulty with the figure that's been used repeatedly by the ministry which talks about the \$450-million increase, because if you look at the actual expenditure in 2000-01, it wasn't \$8.45 billion, as was estimated; it was \$8.7 billion. Therefore, there's actually a planned decrease. Even with the \$200-million infusion in July, there's a planned decrease in funding for hospitals this year.

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Mr Maves: There is an increase in funding. The estimates line for 2000-01 does include some one-time funding that was put in at year-end, \$120 million for performance funding for hospitals and \$177 million, I believe, for one-time funding for cleaning up deficits at the end of the year. That's the difference between the estimates and the interim, predominantly. I think there's also some more money within the estimates that was considered to be a one-time allocation.

Mrs McLeod: I understand one-time and I understand that there has been some movement of dollars into base from one-time funding. The bottom line is you're still spending less on hospitals this year than last year, according to your estimates, even with \$200 million added in July. You can't exclude the fact that one-time funding nevertheless went to hospitals and helped them with their budget deficits. Hospitals are facing significant budget deficits.

I really do believe that it is—I'll find parliamentary language—difficult to rationalize using a phrase like "\$450-million increase," when in fact you're spending \$120 million less at the bottom line on hospitals this year than you spent last year.

Mr Maves: But there are occasions when we have funding programs that only last a year and they were never intended to be an increase in the capital program.

Mrs McLeod: I appreciate that. The bottom line in terms of the need for hospitals for dollars and the government's response to that is \$120 million less than the previous year. I'm assuming that you can't identify \$120 million that you funded last year that you're not going to fund this year, that you're not going to be able to pull it out in quite that linear a way.

Mr Maves: If you would, John, expand on that.

Mr John King: I'm John King. I'm the assistant deputy minister for health care programs. Actually, the amount of funding has increased for the hospitals. Part of the problem in dealing with the estimates and actuals is we're still going through hospital restructuring, so there is some one-time cost. We're also closing buildings and moving programs. But the actual dollars to hospitals have increased.

Mrs McLeod: The actual spending on hospitals shows a \$120-million decrease planned for this year.

Let me ask you, then, to put it in the context of the challenges that are facing hospitals. The hospitals obviously presented to the government their estimates of what they were facing in terms of deficit. Prior to the \$200-million infusion in July, they were looking at \$750 million, based on studies that they'd had done. I realize the minister has suggested that was a worst-case scenario. So I'd like to ask you, Mr Maves—refer to the minister, if you wish, or the ministry—what do you truly believe is the deficit figure that hospitals are going to incur this year?

Mr Maves: I couldn't put a figure on that and I know that the minister and the ministry have been working with the hospitals. He has a working group with administrators from the Ontario Hospital Association, and they are working on budgets. I don't know who could actually put a really detailed number on that at this point in time. I'll let the ministry try. I don't know if Mr King wants to elaborate.

Mr King: We have been working closely with the hospitals. You need to understand that we do not know what the nursing settlement will be this year. The nursing settlement is going to arbitration. The difference that we always have between the OHA and the ministry is the fact of what assumptions are made in the deficit numbers. Some of the hospitals have assumed a 5% or 6% increase for nursing, others have assumed 0%. The ministry usually takes a 2% line. So we are way off in our opinions about what the deficits are in the hospitals. We won't really know that number until we see the arbitration settlement. Forty per cent of hospital budgets of the 70% is for nursing salaries, so it's a large chunk of money, especially when people are assuming a huge increase. So that's where we get the difference between the \$750 million.

Also, we have made some announcements this year and there are further announcements that will be coming on funding to hospitals. We have not completed the process this year. So we're still off on that as far as a total contribution to their deficit.

Mrs McLeod: That was actually a lead-in to my next question which is, what percentage of the \$8.47 billion

has been announced, directly allocated already? We're now into almost October of the fiscal year. I'm assuming that hospitals—

Mr Maves: All of that.

Mrs McLeod: All of that has been announced?

Mr Maves: I believe so, yes.

Mrs McLeod: Without the nursing settlement having been known?

Mr King: I'm sorry, may I?

Mr Maves: Yes.

Mr King: The difference here is that most of this has been rolled into base this year. So all of that \$8.4 billion has been announced and additional funds have been announced to that.

Mrs McLeod: The \$200 million in July?

Mr King: Yes.

Mrs McLeod: So all of the funds that are presented here, plus the \$200 million in July, have been allocated and there appears to be no reserve then in terms of estimates for a nursing settlement?

Mr King: I'm saying that we still have additional dollars that have not been announced.

Mrs McLeod: I'm sorry, I thought I understood you to say the \$8.4 billion plus the \$200 million have already been announced.

Mr King: Right.

Mrs McLeod: I don't know where the rest of the money's coming from then.

Ms Adamson: In terms of your question with respect to the estimates, all of what is here in the \$8.7 billion has been announced.

Mr King: Yes.

Ms Adamson: In terms of the planning and—

Mrs McLeod: You're looking at last year's interim actuals?

Ms Adamson: No, looking at the \$8.47 billion in this year's estimates line.

Mrs McLeod: And that's all been announced, plus \$200 million more?

Ms Adamson: Right.

Mrs McLeod: So where does the ministry go to help hospitals with the nursing settlement when it's reached?

Ms Adamson: That's not here, obviously, in this ledger, but we're looking for ways to be able to do that.

Mrs McLeod: At this point, then, we assume unless there's a significant infusion of dollars for hospitals that's a planned deficit for hospitals?

Mr Maves: There's a 2% base funding. I think it's assumed that some of the nursing settlements would come out of that. You also have to realize that some of the hospitals, when they've had deficits, they not only have the one-term cost like Mr King has mentioned—some restructuring costs that end—they also have had deficit reduction plans that they were implementing last year and this year. So a deficit last year of a certain level in many hospital settings is going to be lower this year because they're implementing change within their facilities to lower those deficits.

Mrs McLeod: So if I can translate that, then hospitals are expected to pay for the nursing settlement with cuts to the current programming?

Mr Maves: No—

Mrs McLeod: That's what it means when you have to have a deficit. If you have to remove your deficits, as hospitals have been directed to do, and you have to handle a nursing settlement with a 2% increase in base, which you've just told me is the increase in base, if the nursing settlement should exceed 2%, it has to be covered in addition to making any program reductions to deal with the deficits that were inherited from last year. So they still have to reduce because it was one-time funding, as you've acknowledged. You helped with one-time and said, "You've got to get your budgets balanced this year." So they've got to find their deficits through program reductions, plus cover any difference in a nursing arbitrated settlement between the 2% base increase and the actual arbitrated settlement. Is that a fair description of what they're facing?

Mr Maves: No, I don't share your opinion. When they reduce their deficits from year to year, some of their costs change, in restructuring for instance. They have programs where they're looking at the efficient use of their resources and they find that they're using their resources inefficiently and they make changes.

Mrs McLeod: Have you actually seen evidence of that, Mr Maves, in deficit reduction plans that are being presented by hospitals?

Mr Maves: I have in my own Niagara health system, sure.

Mrs McLeod: I'd be very interested in putting some of that to the test then. I'm wondering whether you have any figures for this year compared to last year in terms of funded beds in the hospital system across Ontario, just in the acute care system. How many funded beds were there last year and how many funded beds are you anticipating this year?

Mr Maves: I don't have that number. John, do you have that number?

Mr King: No, I'm sorry. We can table that and bring it back to the committee.

Mrs McLeod: I would appreciate that, because I'm trying to get some measure of what hospitals are actually going to experience with the deficit reduction programs that they are having to undertake. Funded beds is one of the issues I think we know about.

The Chair: We're pretty close to the end of the time in the sense that we expect the House to recess shortly. Did you wish to defer or did you want to open a new line of questioning? You may have a minute.

Mrs McLeod: In one minute then, I'll put two other questions on the table because it may be that there's a desire to bring something back in the future.

The Chair: Sure. We have an interval between the next sitting.

Mrs McLeod: The ministry has the critical care bypass and emergency redirect figures for as of last month, for example, or the current month for September. They're not being released publicly but I believe they are public figures that we should be able to access, at least through the estimates process. So I'd appreciate having those figures tabled at the next meeting.

Secondly, and lastly, before we break, I know Mr Maves made reference to the number of nurses that were hired. I would like to see that figure addressed in terms of new full-time nursing positions—not hires. I'm wondering if you have a figure. I'll just for the moment look at acute care hospitals because that's the focus of my questioning. How many new nursing positions have been created—full-time equivalent positions—and how many of those are permanent, in the past year? Or if you want to take a longer period of time, that's fine with me. Thank you, Mr Chair.

The Chair: OK, thank you, Mrs McLeod. We'll stand adjourned until next Tuesday at 3:30. I thank all the members of the committee and the members of the ministry delegation and their staff.

The committee adjourned at 1801.

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Journal des débats (Hansard)

Mardi 2 octobre 2001

Standing committee on estimates

Ministry of Health
and Long-Term Care

Comité permanent des budgets des dépenses

Ministère de la Santé et des Soins
de longue durée



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 2 October 2001

Mardi 2 octobre 2001

*The committee met at 1538 in room 228.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr Gerard Kennedy): I think we have a quorum. With everybody's agreement, we will start the proceedings. I believe we are with the official opposition, Mrs McLeod. We have approximately 11 minutes in the initial discussion and questioning.

Mrs Lyn McLeod (Thunder Bay-Atikokan): Just to start off, at the last session, Minister, you may have been made aware that there were a number of questions asked for which the ministry did not have materials available and they had undertaken to table. I just want to put them on the record. There was to be tabled information as to how many full-time equivalent new nursing positions had been created in acute care hospitals. That's not hires, but actual new positions, and how many of those are permanent. Secondly, we had asked for the critical care bypass and redirect figures, the current figures. Thirdly, we had asked for the number of funded beds in acute care hospitals this year compared to last year.

The Chair: Mrs McLeod, there is a statement from the ministry that we are going to have copied for everyone. Perhaps you could compare that and, in the subsequent round, we could go back to whether or not there are any deficiencies from what the ministry provided.

Mrs McLeod: All right. I appreciate that. I just understood it was important to have the questions on the record.

The Chair: It is very important to have on the record so that we can easily transact the business of the committee with the ministry.

Mrs McLeod: I won't go into the questions, but just let me conclude. The fourth area was the actual advertising budget for door-to-door distribution of materials and, lastly, a question about the expenditures that were booked last year and are to flow this year. I'll certainly wait for the statement, but could I just for the record determine that the ministry has undertaken to provide that material? Could I just have your affirmation of that?

Hon Tony Clement (Minister of Health and Long-Term Care): I think we have undertaken to provide what we can. Some of the questions may not be within the purview of the ministry. To the extent that they are within the purview of the ministry, we'd ask for those.

Mrs McLeod: I would think they're all within the purview of the ministry.

The Chair: If I could just briefly interject, we'll provide copies to all members of the committee so they can assess for themselves for their own questions. You can pursue anything you like, Mrs McLeod, but that will be forthcoming within a few minutes.

Mrs McLeod: Yes, I will go on. Certainly the questions I've raised are definitely within the purview of the ministry's operations. They're all very directly related to the ministry policy decisions, as well as funding lines.

Just one very quick last question for the moment on acute care hospital funding. I had asked last week about how much of the \$8.72 billion, which is now the figure—I understand it's increased because of the July announcement. I'd asked how much of that had already flowed. It was told that all of it had actually been allocated. My follow-up question to that is, how much of that \$8.72 billion is actually allocated base funding and how much of it would still be one-time funding?

Mr John King: You didn't ask that question the last time.

Mrs McLeod: No, that's a new question.

Mr King: It sort of threw me that we didn't answer that. The majority of that funding now is base funding. We had some one-time funding at year-end. At year-end last year there were two pots of money that did flow as one-time money. There were \$177-million and \$120-million performance grants.

Mrs McLeod: Last year. I had asked last day whether or not—

Mr King: It's part of these estimates.

Mrs McLeod: It is part of this year's estimates?

Mr King: The \$8.7 billion is the number.

Mrs McLeod: That's actually money that was one-time money that flowed last year but is shown in this year's estimates, in the \$8.7 billion total?

Mr King: It's in the \$8.7 billion interim actual.

Hon Mr Clement: What happens is that it gets added to the base in the subsequent year.

Mrs McLeod: Let me determine that then. Money that was actually flowed last year separately from the expenditure of \$8.7 billion is shown in this year's estimates, so that money that flowed as the two pots of money that flowed on a one-time basis at the end of the last fiscal year is not part of the \$8.7-billion allocation to hospitals this year?

Hon Mr Clement: No, it is.

Mrs McLeod: It is. So money that was actually for last year's deficits is part of the \$8.7 billion?

Hon Mr Clement: Do you want to answer about the deficits?

Mr King: I just want to go by the estimate numbers. In the \$8.7 billion that's shown as the interim actual, included in that would be two one-time pieces. The \$177 million did flow at year-end to look at certain hospital operating deficit situations. There was \$120 million that was announced also that was really a performance grant for hospitals. Although it was last year, many of the hospitals did flow it this year, but it wasn't one-time.

Mrs McLeod: That money then was one-time in terms of its impact on last year's hospital budgets, but is rolled into base for this year's estimates and is part of what has been allocated for this year as part of base funding, according to what the minister just said.

Hon Mr Clement: You're talking about the performance grant, the \$120 million, Mrs McLeod?

Mrs McLeod: I'm attempting to find out what the \$8.7 billion is doing. Mr Chair, it may be necessary to look at the statement and have the ministry address this question if it's not addressed in that statement.

As I understood what you've just put on the table today, the \$8.7 billion, which is being shown as this year's expenditure, includes \$177 million plus \$120 million which was last year's money. The minister has said that money is now rolled into base for this year's money. Therefore, as I understand it, \$177 million plus \$120 million is actually counted twice in the \$8.7 billion.

Hon Mr Clement: No.

Ms Maureen Adamson: If I could try to explain this—Maureen Adamson, assistant deputy minister, corporate services. Again, the \$8.7 billion on the interim actual line in the estimates includes the two one-time tranches that Mr King mentioned. In the cash dollars, over in the year 2001-02, of the \$8.4 billion, that included some annualized dollars that also showed in the estimates of the previous year that did get rolled over in base to the tune of about \$400 million. But not to confuse the matter, it does come to the cash versus the actual dollars that were announced, which comes to about \$8.7 billion if you look at it on a PSAAB basis. Again, you get into the confusion of cash versus versus PSAAB.

Mrs McLeod: I appreciate that. That's a very important clarification in terms of knowing how much money the hospitals actually have to work with. We may come back to that later. Mr Chair, do I have a few more minutes left?

The Chair: About six minutes.

Mrs McLeod: We are not going to have time to get answers to all of these questions, but I'm anxious to put the questions on the table. Let me turn to hospital capital and the restructuring projects. The first question is, of the projects that were approved by the ministry following the restructuring commission's report, how many of those projects have actually been started and/or completed? I think there were 81 projects.

Hon Mr Clement: I think I'll defer to Paul Clarry or Mr King.

Mr King: The director for capital will answer those questions, Paul Clarry.

Mr Paul Clarry: Paul Clarry, director, capital services. The commission, as you know, did go into 22 communities and issue directions for 92 hospitals. There is a multi-year allocation of about \$2.4 billion as ministry share toward those projects. There is a list of approved functional programs for probably—I don't have the exact number; I've got the list here. It's about 35 hospital corporations that have approval on their full plans to respond to commission direction. The total approvals to date for the ministry share are in the range of about \$1.6 billion to \$1.7 billion. That has not all been cash-flowed. That's for the hospitals that have approval of their entire plans. Most of the other hospitals have what we have called "head start projects," which are at least to get them going on some of the pieces of their commission directions that can be implemented while they're doing their full planning. There's virtually construction going on at every hospital that has been directed. We have not yet given approval for the full scope of commission directions. We will be able to provide you with a list of what's been approved and not approved to date.

Mrs McLeod: So of the 35 that have been approved, that's \$1.6 billion in approved ministry share of the cost for those 35 projects?

Mr Clarry: Yes, it is about \$1.58 billion in total.

Mrs McLeod: How many projects are actually started, then?

Mr Clarry: I believe there is construction going on at virtually all of those sites. I will have to come back and confirm that for you, but they are either under construction or there will at least be parts of their projects under construction.

Mrs McLeod: Are the ones that have a head start—did you refer to it that way?—in any way in a construction stage or are they still just in the planning stage?

Mr Clarry: The head start projects may be in design stages through to approval to tender and actually under construction. I'm confident that we have activity going on at all of the projects but some of them may just be architectural and design work at this point.

Mrs McLeod: How many approvals, then? You said there were 90-some. That's up from the 81 that I think we had in the last auditor's report. How many actual projects have to have approval?

Mr Clarry: For the total actual projects, I'd have to go back to get a separate list because some of them are multiple approvals and I only have the rollup based on the entire corporation, rather than individual components of the projects.

Mrs McLeod: So we are somewhere in the order of 80 to 90 individual projects?

Mr Clarry: Yes. There have been recommended investments for the 92 sites. We have approvals for either redesign work or actual construction at virtually all of them, but not all of the commission directions have yet

been subjected to ministry approval. We are still working with the hospitals on scope and need. There are some issues related to other infrastructure investments that are slowing down our approvals on the commission's clinical directions.

Mrs McLeod: I'll put two questions very quickly on the table. Do you have a sense at this point of the cost overruns on the projects in comparison to what the commission had estimated them to be? My second question would be, are projects going ahead at this point even where municipalities have said they are not prepared to undertake any commitment to the cost?

Mr Clarry: Projects have gone ahead where the hospitals have been able to demonstrate they have a viable financing plan that may or may not include municipal contributions. We have in our multi-year plan anticipated 30% cost overruns from commission-directed numbers.

Some of the projects, based on their best planning, may have been approved at higher than that, but that's the current base on which we are asking all the hospitals to undertake their planning.

1550

Ms Shelley Martel (Nickel Belt): Welcome, Minister. I wanted to follow up on the line of hospital restructuring, so you might want to come back. I want to deal with what's going on in my own community first and then ask some general questions. I suspect that mine is a community where this has regrettably ground to a halt.

I was part of the Heart and Soul Campaign, the telephone that took place at the beginning of September. You were good enough to provide a video of that. I even have a transcript of your remarks. People in the community were curious as to what you actually meant, so just let me read into the record the two sentences that I'm particularly interested in: "The Mike Harris government is fully committed to providing hospital services that the people of Ontario can depend upon without fail. For the people of Sudbury and northeastern Ontario, the move to a single hospital site means they will receive the health care they need in a state-of-the-art facility."

Hon Mr Clement: I'm not sure I said it as well.

Ms Martel: This is how it was transcribed. The question I have for you has to do with the situation that has now regrettably occurred in the community. Construction has effectively ground to a halt at the site. This is because the cost overruns on the capital side are quite enormous: an \$88-million estimated capital project—that was from the Health Services Restructuring Commission—we are now up to \$209 million, and no change at all in the planning of the site itself to account for that. That's just sheer increase in construction costs. What do your comments mean to our community in that context? Are you prepared at this point to commit to funding the cost overruns that our hospital is experiencing?

Hon Mr Clement: When you ask it that way, the answer has got to be, not to the extent of just a blank cheque. So the direct answer is no. From our point of view, we entered into an arrangement with the Sudbury

Regional Hospital Corp. At that time they said, "Look, we want to have an aggressive, alternative construction approach. We are quite willing and able to assume all financial risks from this alternative construction approach." We worked out terms and conditions for the funding of the project on May 5, 1999.

My predecessor agreed: for the Northeastern Ontario Regional Cancer Centre, \$9.89 million. Then we approved, for the HSRC-directed development, \$92.14 million. That was going towards a total cost of \$143.5 million. Now we've got a situation where they've come back to us and said, "We know we said that we would take any of the risk associated with costs escalating beyond what we had anticipated. We know we said we would take 100% of that risk. But now that the cost is over \$200 million, please take the risk yourself." I don't think, as a representative of the taxpayers' interests, I can do that automatically. I'm not saying we won't have discussions. Of course we will have discussions. I'm not saying that the project has ground to a halt. It shouldn't grind to halt. But we've got to decide what this project is, what the nature of it is, what the extent of it is, and build the project.

I would say the same thing in Mrs McLeod's area. I know we've been facing, because of all the building going on—all of the new long-term-care facilities, all of the new college facilities, all of the new university facilities. In the public construction in this province there's been a huge boom, plus we've got the Pearson airport, which is the largest construction project in Canada right now. All those things mean that there's an excess of demand over supply, if I can put it that way.

We know we have a problem that we have to work through together, but it doesn't mean I automatically say yes. I guess that's the way I would characterize it.

Ms Martel: In fairness, though, the ministry has been involved right from the beginning. The hospital has been upfront and has co-operated with the ministry in terms of whatever information was required. The two reasons that they have been very public about taking the approach they had were (1) it allowed us to have local control over who did the work, so that 90% of the people working on the site are local, which was terribly important to our community; and (2) because they were assured that if the project could be up and running by 2003, they could achieve significant savings on the operating side. Those are the two public reasons they have offered time and again for taking this approach. I think the ministry was well aware of that and agreed that that was a legitimate approach to take.

The concern I have at this point is that we have a significant cost overrun due to no fault of the hospital, because the plans haven't changed. There has been, as you said, a real problem around construction and getting both the materials and some of the specialty labour required. The community isn't sure how much more it can cope with in terms of the local share that we have to raise. We already have a \$17-million share being raised through the Heart and Soul Campaign, the region is

probably in for another \$25 million through property tax, and we are still waiting for what the additional estimate will be. I don't know if you've received the final cost estimate that the hospital thinks they're in for, and if you're working on that now—

Hon Mr Clement: Pardon me. Have we received the final cost estimate?

Mr Clarry: We have heard from the hospital that they're looking at a project somewhere in the neighbourhood of \$209 million. The issue is, do they have the management structures and decision-making structures in place to even keep it at that price? That's one of the issues we're working with them on before we go further into the project. What they told us was that, yes, they wanted local bidders and local trades in and that the aggressive construction management approach would allow them to beat the market because of all the competition the minister has spoken to. They're coming back and telling us now that the reality has been quite different, that while there are local trades working on the site, the contractors who are winning the jobs are not local contractors, and some of the ones they thought they might get a better price from don't have the capacity to do the work for a variety of reasons.

The second thing they're telling us is that they're not beating the market curve in terms of the demand for certain speciality mechanical and electrical needs. We are working with them now to understand what has been driving the costs to where they are to ensure that it is not scope changes. Then we are also looking at what the alternatives are for how we can keep the project moving ahead that reflect not only our affordability, but the board's written commitment that they would manage costs above what was approved. We haven't got a strategy yet that works for them or for us but we are working with them on it.

Ms Martel: Do you have any reason to believe that the changes are from changes in scope of the project?

Mr Clarry: I think we are still under discussion on those points. We've asked for a variety of information from them. We are busy looking at it. But I could not answer the question definitively one way or the other based on the analysis we've done to date.

Hon Mr Clement: What you've got, Ms Martel—we are all looking at it as a snapshot in time. This is an ongoing dialogue we are having with the hospital and its trustees. I don't want my remarks to indicate in any way that we are not discussing these issues, that these issues are not on the table. But of course it is a dialogue; it's not a one-way discussion with them and their interpretation. We've got to analyze, we've got to interpret and come up with what we think is the best solution for the community, of course, and also for the taxpayer.

It has got to be a balance of the two. Because yours is a very important community; it's not the only community. If I can in some way have excellent quality health care that is not diminished one iota in your community and save a dollar that can be applied to another community, that's part of what my job is. That's the kind of

dialogue we are having. Certainly we will keep you informed on the progress we make.

Mr King: The only other area I wanted to add, on top of what the minister has said, is that the Sudbury Regional Hospital is also going to be undergoing an operational review.

Ms Martel: Which they requested?

Mr King: They have worked with us on that. It has a lot to do with the escalation in their operating costs and it is also the length of the project. Some of the delays right now are also beneficial for us to really examine the impact on operations. I just wanted to highlight that.

Ms Martel: I was going to ask you about operations, but just one more on the capital side: the original Health Services Restructuring Commission estimate was \$9 million for technology and new equipment. I understand that is now in the order of about \$65 million or \$70 million. What dialogue is going on with the ministry around assessing those needs?

1600

Mr Clarry: The ministry does have a separate process wherein we review the equipment requirements to support the program expansions to look at what the replacement needs are and to ensure that the plan is affordable from the depreciation allowances they receive for replacement equipment.

We build in the appropriate funding for the new equipment they have to acquire as part of the capital project. We are engaged in that process now and it was held back, separate from the construction side of the project, simply to facilitate the timely implementation of the construction work.

Ms Martel: How much money has been allocated for technology and equipment for the new site at this point?

Mr Clarry: I don't have the information here in front of me, but we can get that for you. Basically the commission provided an allowance and we held that number until such time as we got through the process with the hospital about the full range of equipment needs. That would be implicit in the \$143-million approval. I'll get the number for you.

Ms Martel: Let me go back to the operating review. My understanding was that the hospital requested that the ministry come in last fall, if I'm correct about the timing of this, because they were concerned about the operating deficit as well. The first action was a representative from Management Board who was in to do audit work last fall. I stand to be corrected. I'm not sure what happened after he was in. Certainly he made some recommendations that provided some immediate funding so the hospital could meet payroll over some of the months last fall. But I'm not sure what adjustment has been made, if any, to the hospital's operating budget and what review is going on right now with respect to the \$32-million deficit that they currently have, a deficit which they have clearly articulated to your staff has to do with their trying to operate not only a community hospital but a regional hospital servicing all of northeastern Ontario.

Hon Mr Clement: Some of that is beyond my institutional memory. I'll defer to Mr King.

Mr King: This did begin last year and, again, we were unaware of the extent of the problem. Actually, it was about this time last year that the Sudbury Regional notified us of their issue with respect to their deficit situation. We had slated them for an operational review. We do operational reviews on a scheduled basis every year and we cannot do every hospital, of course, because it is quite time-consuming, does consume resources. They were slated for this year, which we are working through the process.

We did assist them with their one-time funding, which we discussed earlier, at the end of last year to help them through last year. We are working through the process with them at this time. There was an auditor who did go in from the audit branch to do a review of their accounting practices and some of the issues related to that. That report has not been fully received yet. It did not at this point recommend any future funds, because that was not the purpose of the audit. The audit was really to look at some of the management practices. The operational review will do an in-depth review of the funding—the savings that the hospital should achieve. They will look at governance. They will look at management. All of those operations are taken into consideration.

Ms Martel: When is that due to start and when will it be completed, so we have some sense of what funding is required to continue to operate this hospital?

Hon Mr Clement: I was just going to say that discussions are ongoing right now on these very issues. We are in the midst of it right now.

Ms Martel: But it hasn't started at this point.

Mr King: No. We are just in the process of the RFP, which will go out. We hope to complete it by the end of March in this fiscal year.

Ms Martel: In time for the next fiscal year so that an adjustment could be made in the next fiscal year. You wouldn't foresee an adjustment before that time?

Mr King: If there is adjustment necessary, we have to look at some of the issues on savings of the organization.

Ms Martel: I'm just assuming there will be—

Hon Mr Clement: The other thing I'll say generally, because we are into this, apart from the special operational reviews, there are always reviews of plans, business plans and so on, and I'll just say this. Sometimes assumptions are made completely in good faith by the hospital corporation, and when they understand a little bit about how we budget for things, their assumptions prove to be a bit off. Therefore, the requirement for funding is less than they had assumed. That's why we always have to have this dialogue. It is pretty well constant, year-round dialogue about what the ministry policy is, what the funding arrangements are and how they impact on a particular hospital.

Ms Martel: I appreciate that, Minister, but I think it is fair to say that the hospital welcomes the review. They made it clear to me last fall, when someone was in from the audit branch, that they would be happy to have that

happen, if only to try and demonstrate what they were trying to do at the regional level versus just the community level. I wanted to ask more general questions about the restructuring itself, because I understood that the OHA had provided some cost estimates on provincial restructuring in recent weeks that put the cost at about \$7.1 billion. I was wondering if the ministry was aware of that, and does the ministry agree with that estimate that's been put out by the OHA?

Hon Mr Clement: We might want to call Paul back. Why are you on the last chair?

The Chair: We can probably bring that chair closer, if that would help.

Mr Clarry: The last that we had any official communication from the OHA on restructuring was several years ago. They did a survey of their members which suggested that the cost of restructuring would be somewhere in the order of about \$3.2 billion. At that time the ministry's estimate was about \$3.3 billion. We have not heard from them recently about the updated estimates.

I will say that the health reform implementation team in the ministry, which is working with all of the hospitals that are implementing restructuring, has been tracking what hospitals are planning or wanting to submit, those that don't have their approvals, and if we total that up it certainly comes into the range of \$7 billion. The issue is whether or not it can all be justified in the context of the clinical directions of the commission, and that's the process that the HRIT, the implementation team, is working on with other parts of the ministry, to validate what the real cost to implement commission directions will be as we come forward and approve projects.

Ms Martel: Clearly what the \$7.1 billion represents is strictly restructuring, which we believe flowed from the commission—not just ongoing capital that has been done by hospitals.

Hon Mr Clement: I'm not so sure. I think what sometimes it means is the hospital receives the HSRC direction and then, for whatever reason, and an entirely valid reason, there is a view that they have to move beyond what the HSRC directed. I'll give you one example in my local community where the push was on not to plan to 2003 but to plan to 2008. Now everybody wants to plan to 2008, and for valid reasons, I understand that. But by planning beyond the horizon of the HSRC, you can just imagine what impact that has, especially if you're in a growth area or a high-needs area or whatever, in terms of their budgeting and their submissions to the ministry. So I guess the answer to your question is, it might be beyond HSRC which militates this kind of number, which is a lot bigger than we had originally anticipated.

Ms Martel: You have a committee working on that now; I appreciate that. But what is the figure that the ministry uses currently as its best estimate?

Mr Clarry: Our current estimate is about \$3.4 billion. Our current funding approvals are based on a total estimated cost of \$3.4 billion. The reason the numbers are seemingly so high is because, as the minister pointed to, there are issues around the planning parameters that

hospitals are using beyond HSRC, but there are also perhaps some unrelated infrastructure and other things the hospitals are trying to get built and using HSRC direction as leverage. We're trying to separate those out, because there's a different funding—

Ms Martel: I apologize if I wasn't clear on this. The \$3.4 billion right now you would recognize as what you would consider to be legitimate commission directives and the capital costs associated, or is that—

Hon Mr Clement: We've gone through a due diligence on all of those dollars and said those dollars are legitimate and flow from the HSRC directives.

Ms Martel: So what is the total? As I understand it, that's the ministry's share. So what is the total share? Because there's a local share in each of those, right?

Mr Clarry: The actual total project cost that the ministry's plan supports is \$3.4 billion, and at 70% funding rounded, the ministry's share is \$2.4 billion and a little bit of change. We can certainly give you the numbers on that. The hospitals have to come up with the remaining \$1 billion.

Ms Martel: And you're saying about \$1.6 billion of that has already been flowed?

Mr Clarry: Yes.

Ms Martel: And what is the timeline to flow the balance of those capital funds to meet just the \$3.4 billion?

Mr Clarry: We flow the funds based on the actual work the hospitals are approved to do and they provide us with architects' certificates that the work has been completed. There was a tranche of unconditional grant provided totaling about \$1.14 billion and there were obligations that those monies be used for the commission-directed projects. But otherwise, our cash flow will be driven by actual work undertaken.

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Ms Martel: Don't you have to estimate in any given fiscal year how much you might require to have the funds available?

Mr Clarry: We are asking hospitals, as they get project approvals, to give us cash flow numbers upon which we can do our multi-year cash flow plans.

Ms Martel: So your estimates for this year for the capital that will go—

Hon Mr Clement: Is that the \$1.89-million number, Paul; \$189,224,300.

Ms Martel: That is over 2001-02?

Hon Mr Clement: That's right.

Ms Martel: What I'm curious about is an explanation, if you have it, as to how some of the estimates that were provided by the commission could be so different from what some of the actual costs have turned out to be in so many of these construction projects. We've got a problem in my community; Lyn has a problem in hers; there's a problem in North Bay. There's a problem in a number of other communities as well where the original estimates by the commission are two, sometimes three times higher now in reality when the construction costs are being reviewed. How could it have happened that there could

have been such an underestimation of what this whole thing would have cost?

Hon Mr Clement: I'll take the first shot at this and Paul can help me out on things I've missed. Part of it is just the huge demand that is created by all of the public sector projects that are going on simultaneously, as I said: long-term care facilities, colleges and universities, the transportation infrastructure, Pearson airport and other big projects. Supply is going to be only so elastic and therefore it creates a huge demand that drives up the price, quite frankly. So that's the first thing.

The second thing, as I mentioned, is the changes in parameters, whether you're projecting to 2008, rather than to 2003; or maybe Cancer Care Ontario has designated a site as a regional cancer centre. So how do you fit that into your plans? So changes in parameters also are part of the issue.

Those are the two big ones that I worry about at night. I don't know, Paul, if you've got some other insight in this.

Mr Clarry: There are a couple of other factors. The commission had to use rough square-foot construction costs, based on either new construction or renovation. They had to look at gross square footage in the hospitals. They had a very tight time frame in which to look at the need for clinical restructuring and translate that into what it might require in the way of renovation or new construction work at every hospital. So there were rough estimates of space that needed to be worked on and rough estimates of cost. They didn't have the benefit that hospitals get when they engage architects to actually go in and look at the full state of infrastructure and look to make sure there aren't issues of building code compliance and other things with the geometry of the building that have added to costs.

The actual planning process we use, wherein the hospital's architect submits plans of design that get reviewed by the ministry, has helped us to identify some of those other factors. But it's simply a matter of the time and the methodologies available to the commission to estimate.

I think it's also important to note that the commission's methodology was intended first and foremost to look at alternative options for how to implement restructuring and what those relative costs may be. Unfortunately, that was the best information that was broadly available to put a price tag on the total cost of restructuring.

Ms Martel: Does the ministry have a clear idea of what the shortfall is with respect to the commission's estimates on technology and equipment for the restructured projects and what the actual cost is now coming in? What is that deficit and how will you cope with that?

Mr Clarry: The medical equipment piece we are working through with the hospitals through submission of their full list of needs, then looking at what's replacement versus what's new, and marrying that into the funding streams available.

On the IT side, we are working with the OHA and others to come to some reasonable order of magnitude for what those needs are, albeit at this point the ministry does not provide direct funding for information technology either through capital or through operating budgets for hospitals.

Ms Martel: What you're saying to the committee is you don't have a clear idea what the equipment deficits are from the original estimates to what hospitals that are being restructured now will require?

Mr Clarry: The commission's equipment estimates, in total across the province, were in the order of about \$225 million. The numbers that we're seeing, based on what hospitals have been submitting, could range from \$600 million to \$1 billion, and part of the challenge is that includes some replacement equipment that is funded through hospital operating grants. We are busy working with the hospitals to separate out those two needs so we can look at appropriate funding plans for the new equipment.

Mr King: I was just going to add that there are a number of factors involved in equipment also. The local foundations do a lot of fundraising for the hospitals as part of our partnership with them. We also have just issued two pieces of funding for medical equipment which are assisting the hospitals that are preparing for some of the replacement equipment. That has been announced recently.

A number of hospitals were not visited by the commission, so we're still working with those organizations also.

Ms Martel: Thank you for that information.

Minister, I wanted to now ask some questions about community care access centers. First, I think that probably the most important one would be if you can explain to me why the government would have frozen budgets for community care access centers this year, which in fact resulted in cuts to many of the budgets because their deficits had been funded last year. What was the rationale for the government decision to do that this year, in the face of what are increasing needs of seniors in so many communities?

Hon Mr Clement: I can go into the history of a little bit of that. Of course, home care in the province is not a new phenomenon and has always been an integral part of providing the proper care to the appropriate people as close to home as possible.

In the period from 1995 to the previous budget, the home care budget on average province-wide increased by about 72%. So that was a pretty firm indication of our province's commitment to home care services.

Of course, part of that was an equity component too. Underfunded parts of the province—because historically it was relatively uneven in terms of funding—were also given equity funding. I know in my region, for instance, that meant a 200% increase in the budget from 1995 to 2000.

This year we faced a situation which meant a convergence of various events, one of which was the third-

party independent evaluation of CCACs. Our government thought it was appropriate, at a time when CCACs had been fully in operation and existence for a three-year period, to review the management and some of the issues, CCAC by CCAC, and come up with some general conclusions.

To encapsulate those, there are some resource issues; there is no question about it. There are also some management issues relating to how CCACs managed their client base and managed the demand within that client base. There were also some standards issues—

The Chair: Minister, approximately one minute.

Hon Mr Clement:—where CCACs in different parts of the province were applying different standards.

We want to work with the CCACs. Minister Johns is taking the lead on that and has made it certainly her top priority. We want to get to a viable sector that focuses in on what is important in terms of the delivery of the best home care and other services, community services, that CCACs offer. It will undoubtedly require some changes.

The Chair: Ms Martel, you've got about 30 seconds.

Ms Martel: If I might, Minister, I'm assuming the third party review you're talking about is the Price-waterhouseCoopers. Their recommendation, on page 145, was that the ministry should continue to move forward with its commitment to invest in CCACs, as indicated in the ministry's business plan; not to freeze or, in essence, cut the budgets. So I'm concerned about your reliance, if I might put it that way, on the third-party report to somehow legitimize the action that the government took with respect to funding.

Clearly, their recommendation to you was that there were ongoing needs, that you should recognize the cost implication of expanding the role of CCACs, and that you continue to increase your funding to them.

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Hon Mr Clement: As I mentioned in my remarks—

The Chair: Minister, I don't wish to restrict you in any way, but maybe in fairness for your answer, you could either address it if the government party chooses or wait until the next round.

Hon Mr Clement: That's fine.

The Chair: OK. Now to the government party. You have 30 minutes to use as you see fit.

Mr Frank Mazzilli (London-Fanshawe): I'll certainly start off by complimenting you and your ministry on some of the initiatives you've taken on this year, such as the flu shot and some others. I'm sure many parents appreciated the fact that they had to visit the doctor's office less through the winter months than they otherwise would have had to. For those of us who make those trips regularly, any reduction in visits helps out the schedule.

Just in talking about the restructuring, since it's come up, I think it was well addressed. Meeting with my local community in London, the restructuring has been an enormous issue, and they're successfully getting through it with the London Health Sciences Centre, St Joe's and the London Psychiatric Hospital. Certainly construction costs have gone up since 1995, there's no question about

that, whether it's commercial construction or residential construction. It's a supply-and-demand issue.

The other thing that many people did not take into account is that once you start taking out a building permit and you take something apart, the inspectors are not going to let you put it back without fixing everything else under there. Perhaps that's something that was overlooked, if you will, to some degree at first.

Then there's another component. The hospitals themselves, through their administrators and boards, added different components, and that's what has happened in London. If you're working on an old building and you're going this far to implement the construction, it would make sense to do C and D while you're at it, so that you don't have to rip the project apart later and it costs you twice as much. So they've added components to it. There is a logical explanation for why these costs have gone up, and they're real. Yes, it does make sense to do C and D, but it's also expensive to do C and D, and we all acknowledge that, and I know you have your hands full on that issue. It is the right direction. The vast majority of administrators know that, the boards know that and they know it's a difficult task to work through.

I want to talk about something else for a moment, if I could. It's something that I feel I need to get resolved for London. I've brought it up in the past and I will continue to bring it up. It's the issue of land ambulances. If you look at the common denominator of the land ambulance issue, the five operations that were run by the Ministry of Health have increased human resource hours more than any of the other services. That's a common denominator, if you look at it.

When the municipalities with the 50-50 funding formula—a lot of people try to blame it on the funding formula. That's an inequity that's been there all the time, the difference in human resource hours. So it's not the funding formula; it's none of those things. This problem was never fixed. Some municipalities had more service than others, I recognize that, and they continue to have that today. Some have kept the status quo and they have their 80 ambulances, and then others have lower resources.

In London's case they've put in a proposal through the upper tier for a few more ambulances and the county of Middlesex says they have their portion ready and they're ready to go on it. When can we expect some decisions to be made in relation to those approvals?

Hon Mr Clement: Thank you for the question. It's regrettable that Bart Maves departed just at the very moment when he would be the best expert in the room on this, so I'm going to have to defer to Mary Kardos Burton, who is perhaps the next-best expert.

Ms Mary Kardos Burton: Mary Kardos Burton, executive director of health care programs. In terms of the land ambulance file, there are a couple of things that I think are important to raise with you in terms of the funding of land ambulances. We have certainly done a lot in terms of ensuring that the delivery of service throughout the municipalities has some consistency and we're

certainly still responsible for the standards. But last year we actually had an approved cost template. One of the things that was not completely decided was what in fact are approved costs. We went through a process with the municipalities where they told us what their costs were, and that resulted in an additional increase for the municipalities of roughly around \$30 million. That was announced last fall.

We're also currently going through a process of getting information from municipalities in terms of the costs they would have to meet response time commitments. So I think shortly you can expect that certainly all municipalities will know where they stand. But we also last year, and again just recently, have given all municipalities \$5 million in terms of the federal medical equipment fund and they were very pleased to receive that as well.

Mr Mazzilli: I understand that and I know you can't correct yesterday's problems all at once. The problem you have when you're distributing things equally is that there are the ones that had the increased service and they continue to increase their services, and the ones that were working at half capacity are not increasing as fast. So that inequity continues. I understand that you have to deal with that. But I'm urging you, if you look at a population base, that the ones that have been efficient in terms of comparison—when they put their proposals forward, that those be addressed first.

Ms Kardos Burton: I think some municipalities have been really creative about the methods they've used in terms of improving. I think we'd like to make sure there's an acknowledgement for those, not only in terms of getting their municipal councils to invest their own funding, regardless of what the government was going to do, or also different ideas in terms of looking at US or other jurisdictions' experiences and doing some things. We do want a system so that citizens in Ontario can expect similar service, but we have a geography that sometimes prevents that. In terms of a goal for the ambulance system in Ontario, that would be it, in terms of hoping that every citizen gets the same service.

Mr Mazzilli: I applaud that effort as long as the same standards are used throughout. I don't want to see one community, because it is efficient, being pushed off to use their own resources and another community that had higher numbers continue to get them and everything's fine. As long as you apply the same standards across the board, I would certainly welcome that and encourage that.

Ms Kardos Burton: We do have a land ambulance implementation steering committee which we've had in place to manage the transition. One of the subcommittees of that is a standards committee. So I think you'll find that through that process there will be oversight in terms of ensuring consistent standards throughout Ontario.

Mr Mazzilli: In London's case, when can I expect a decision to be made?

Ms Kardos Burton: That will be a decision made at some point within the next short while. I don't want to give you a date.

Hon Mr Clement: If I can undertake that, I'll check with Mr Maves and try to give you a better answer than that. No offence, Mary.

Mr Mazzilli: Thank you. Those are all my questions.
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Mr Norm Miller (Parry Sound-Muskoka): Minister, thank you for coming in today to the estimates. I have some specific questions to do with my riding of Parry Sound-Muskoka.

First of all, in our area there are some regions which are underserved in terms of a shortage of physicians, particularly in south Muskoka; I think the Gravenhurst area is designated as an underserved area. The Parry Sound area, I believe, is also designated as underserved. The Huntsville area has done very well and is not underserved. But in terms of those areas in my riding which are underserved, what is the ministry doing to encourage more physicians and to solve that problem?

Hon Mr Clement: I'll take a first attempt at this and talk about some of our newer initiatives and then George Zegarac can give you more of a tour d'horizon of the underserved area program. This is an issue that our government has identified as one that needs some aggressive action. As you're probably aware, when you look at the overall figures for the province of Ontario, of course, we're graduating more medical graduates, we're attracting more medical physicians, but there is a certain unevenness, if I can put it that way, that traditionally occurs as to where these physicians decide to practise their profession. My predecessor Elizabeth Witmer summoned together an expert panel to recommend to us as the government ways in which we could address that imbalance, if you will, when it comes to the practice of medicine. So we've really been focusing in on physician recruitment and retention over the last little while.

In response to the George report, there have been a number of recent initiatives over the last several months. In terms of medical school graduates here in Ontario, three significant initiatives were undertaken. The first one was to correct the number of medical doctors who graduate by expanding by 30% the intake into our medical schools. That's now 160 positions, and over the next two years the medical schools in Ontario will expand by that 160-position total. Of course, that's an ongoing number that will then start to graduate 160 more doctors in years in the future.

Second, with respect to rural and northern Ontario towns and cities that are underserved, there have been a couple of initiatives. First of all, the northern medical school, the first new medical school in 30 years in Ontario, was announced, with significant components in both Thunder Bay and Sudbury, and also, incidentally, some outreach components for our aboriginal areas and peoples. That's an exciting development for the north, where northerners and others can be educated in the north

and can have their clinical practice and their clinical training in the north. We have every confidence in Dr George's conclusion that this will help us with recruitment and retention in the north.

Yesterday I was able to announce another component of this, which was in Windsor, but involved both southwestern Ontario—which, incidentally, is our worst-hit area when it comes to the number of physicians per 100,000; southwestern Ontario is the absolute worst in the province, so it was in need of some correction—and central Ontario, including the Niagara region. In both of those areas there is going to be what are called clinical education campuses of UWO or McMaster. It's basically a satellite school campus for those already entrenched, highly regarded and credible institutions. That means an additional 34 medical graduates would get their clinical training as well as their higher education training of their third and fourth years in Windsor, Essex county and other counties surrounding Windsor and in central Ontario, as well as the Niagara region. Those are some specific areas which I think are very exciting.

The other thing that is occurring is quite a marked expansion of our international medical graduate program, a near tripling from 36 to 90 per year of international medical graduates whom we expect to have certified in this province, with a particular emphasis on those individuals practising their profession in underserved areas, which might be of the most particular interest to the Parry Sound region of our province, Mr Miller. The new program that was announced this year was for, I believe, 50 positions. Basically, the deal there is that this involves international medical graduates who have already had not only training but have practised outside of this country. They've actually practised medicine somewhere else in the world. So it's not just getting a medical student, but a medical student who has actually practised medicine—a doctor who has practised medicine—in some other jurisdiction. We have offered those individuals an expedited six-month credentials' assessment program—or up to six months; six months being the maximum, but hopefully it's less than that—where we can judge very quickly their credentials and, in the cases where it's appropriate, approve their credentials and give them a licence to practise on the condition that they serve in an underserved area. That will be part of their contractual arrangement with the College of Physicians and Surgeons.

I think this is very exciting news, and provides a very important and legitimate stop-gap. It will obviously be available in the future as well, but for the years before the new medical graduates graduate, it provides us with a more or less instantaneous way to get qualified medical practitioners into our province.

Those are some of the most recent initiatives. I beg your indulgence to ask George Zegarac to provide some more detail about the more entrenched underserved area program.

Mr George Zegarac: I'm George Zegarac, executive director for the integrated policy and planning division.

As the minister has indicated, there are a number of measures that the government and the ministry have initiated to try to deal with the physician supply and distribution problems we're facing. These problems are not unique to Ontario. We're facing these problems throughout the nation, and actually internationally. So the solutions have to be quite creative, as the minister has indicated.

Back in 1993, provincial governments throughout the country took the step of reducing medical education enrolments by 10%, anticipating that we would have a surplus of physicians. That obviously has not been the case. We've taken a number of measures to try to deal with those pressures.

As the minister indicated, in 1999, then-Minister Witmer appointed Dr Robert McKendry from Ottawa as a fact finder to look at what the short-term measures would be to deal with these issues. There are a number of recommendations that Dr McKendry put forward, and the government responded immediately on many of the short-term measures. If I could, I'll just give you a quick highlight as to where we're at.

Dr McKendry recommended we add 15 additional post-grad positions and try to recruit back some of the medical school graduates we've had who have gone for post-graduate training to the United States and who, with a very short period of additional training, could get licensed here in Ontario. We proceeded to implement that recommendation. Dr McKendry also recommended that we expand a successful program we've had with international medical graduates from 24 positions to 36, so we increased that by a total of 50%. We immediately responded and filled those positions. We also doubled the number of community development officers who are assisting us to recruit into these communities that are underserved. We had three in the province and we increased that to six.

We also increased the number of northern family medicine post-graduate positions to provide some additional expertise to those post-grad physicians who are getting training so they can serve in those communities with the additional training they get. We also expanded our re-entry program, which is geared to retrain some of our existing physicians in those specialties where we actually need them. We've increased our program for that initiative from 25 to 40. So there are a number of initiatives that we've responded to immediately.

The next step was to initiate the expert panel review that the minister has referenced already. There are a number of recommendations they've put forward. We've also proceeded on and exceeded some of the recommendations put forward by the expert panel. For example, the expert panel actually recommended two clinical education campuses for the north. The government has responded by establishing a clinical education campus in Thunder Bay and committing to a northern medical school in Sudbury that would work closely with the Thunder Bay campus.

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The government also recommended that we actually go beyond the recommendation of the expert panel around the international medical graduates. As the minister has indicated, we've initiated an additional 14 spots in our international medical graduate program and introduced 40 positions for early assessments to try to get international medical grads who were recently practising into the system quicker, because some of the enrolment increases that the minister highlighted will not actually provide some additional service for four or five years. So one of the things we want to do is to complement some of the long-term strategies with some short-term strategies.

One of the other recommendations put forward was also to deal with, as the minister indicated, our particular problem in southwestern Ontario. As the minister indicated yesterday, the government announced that it would be expanding its network. We have a very successful SWORM program in the southwest. We'll be adding additional post-grad positions and providing some infrastructure in those communities to try to address really service problems that they're confronting. By getting post-grads there as quickly as possible they'll actually be able to relieve some of the pressures that the existing physicians have in those communities.

The other investment that was announced yesterday was also for other underserved communities in central Ontario, and that was to build on our successful program with McMaster and the ROMP program out of Collingwood to again introduce additional post-grad positions to support those communities by providing additional post-graduate trainees to provide services. In the end, hopefully, these will be preceptors for future medical grads who would want to train and practise in those communities.

The government also announced that we would expand our ability to do long-term planning and will be investing in the government capacity to do longer-term planning by hiring additional staff and providing some additional research funding. One of the problems we confront is that we deal with these issues as they arise in a crisis situation, and we want to ensure that we have long-term planning to deal with these issues.

Mr Miller: Thank you for that answer. Particularly the medical school in the north is great news and I'm happy to hear about the long-term planning. It sounds like a good strategy.

I met with the administrator of the West Parry Sound Health Centre a couple of weeks ago. Of course, that's an area where the HSRC ordered new hospitals to be built. There were questions about what work is being done. I believe they're just at the stage where they're doing site preparation for that hospital, and it's one that probably did greatly expand. It has now looked at long-term care beds in it and it has expanded to a \$62-million project. We're certainly looking forward to that being built in our riding.

One of the questions the CEO had of me was—they have great ideas for information technology and trying to get connections with doctors, with nursing stations in our area, and as well to hospitals in the south. I know it was mentioned earlier that information technology is not something funded, and I'm just wondering how the hospitals go about funding information technology or if there's any other work going on to make sure that medical information is being used all the way through the system. That seems to me to be something that makes sense. If you come into a nursing station in Britton and are transferred to the Parry Sound hospital and end up in Toronto, it would make sense that your medical information goes along with you seamlessly.

Hon Mr Clement: Absolutely. I'll defer to some of the ministry staff in a minute, but the correct and successful use of information technology is a concern of this ministry from a policy point of view and from a funding point of view in specific cases. There's a whole range of issues that intersects with that: what does the practising physician have available to her or him, and how much of that can be networked; how can that be connected to the pharmacist and her or his database; and finally, how is that connected to the hospital and to CCACs and other providers of long-term care or home care or acute care? These are things that we are seized with. It's under the rubric of Smart Systems for Health. We are pursuing these things and it's certainly part of our agenda.

I'd say parenthetically as well that it was just a little over a year ago that we were able to announce the capital project for West Parry Sound hospital that was approved to about \$38.3 million, which represents about 75% of the shareable hospital costs. That certainly is very tangible evidence of our commitment to the people of West Parry Sound and the Parry Sound-Muskoka area for their hospital needs.

Deputy, you like to say a few words on the record?

Mr Dan Burns: Yes. Dan Burns, the deputy minister. The minister touched on a couple of the key components of our IT strategy in the health sector, so I just want to touch briefly again on the main components. Obviously, the people we fund, including hospitals, have IT now and are looking for ways to improve it. We do support that through our general funding of hospitals. But next to that, the hospital association itself has an IT council and a whole set of activities underway looking at what investments would make the most sense from the point of view of the performance of the whole system, not just inside an individual hospital's walls. That group works with the ministry's Smart Systems for Health program. The Ontario Medical Association also has an IT council whose mandate is almost identical, only looked at from the point of view of doctors and the use of IT in doctors' own offices.

The primary care reform initiative the government announced in the budget before last contained a fund which will be dedicated to IT investment to support the

connection between doctors and, as the minister said, hospitals and pharmacies and other pieces of the system. The use of that dedicated fund will roll out as we build an operating relationship with the new family health networks as they develop around the province.

The next piece, our own part of Smart Systems for Health, is focused on building the components that connect people. Those of you who are dedicated readers of the government's electronic marketplace, MERX, will know that we issued a proposal call for the physical connections between health care providers in June and we're on the verge of issuing proposal calls for some of the other key connection pieces, which we believe are the key parts of our responsibility for this.

Next, the agreement, the memorandum that came out of the meeting between the Prime Minister and the Premiers a year ago which dealt with health issues contained within it a commitment to create a \$500-million fund. The use of this fund is to enhance the development and use of IT in the health sector and some of the things that we've just discussed. That fund is being managed by a corporation. The provinces, territories and the government of Canada are the members of that corporation, and the business plan for the use of that fund is under development as we speak.

I think you're going to see over the course of the next two years not just good IT investment programs on the part of health providers, but connections we sponsor, investment by this new national program and investment in health care in the primary care health networks as well.

The Chair: We now turn to the Liberal Party.

Mrs Sandra Pupatello (Windsor West): Mr Burns, the deputy minister, this may be our last opportunity to be sure to have you at estimates before you go on to your next career. Just on that note, congratulations. I wanted to make a comment too that they've already hung your portrait in a very appropriate room here at Queen's Park.

Hon Mr Clement: He uses that sword a lot too.

The Chair: This is called loosening them up in estimates.

Mrs Pupatello: It's probably your favourite room in the building and it's appropriate it should be hung in a committee room.

With the small amount of time that we have today, if I could advance some questions, and tomorrow, when we get to come back to our session or list, whatever, perhaps the staff could have prepared some answers to them. If I could use a little bit of time to put some questions on the record, I'd appreciate it.

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Specifically regarding the community care access centres, if I could get some response on how the funding is listed in the estimates book so that we can do a fair comparison between last year's spending and this year's spending on home care. The way it's itemized is very different this year, so it looks as though the CCAC line has been added and it may comprise professional services, homemaking services and attendant outreach

services. Once we add those three up and compare that to last year's three separate lines, we see there's a deficit of \$73 million. That would account for the shortfall. I'd like to know if that's accurate, and if that's the case, I need to know where the balance of those other services that are listed have gone. If there's \$74 million lacking, has that money been assigned to some other line in that section? If I could get some clarification, that would be super.

I wanted to make a note of Duncan Sinclair's comments in the Kingston newspaper today. I recall his comments some time ago. I was always interested in his willingness to resign as the chair of the Health Services Restructuring Commission when the government refused to fund community services as a part of restructuring process. Of course he got canned, and so did the commission, before he had an opportunity to resign, but what he said today—I thought I had brought it here with me. He made several comments regarding the necessity to fund home care, and he acknowledged that the government was not funding appropriate levels of home care. I would like some kind of official response. The former chair of the Health Services Restructuring Commission on record now acknowledges a lack of investment into community services, such as home care, and making the obvious link between hospital cutbacks, the driving down of those patient days, the utilization levels of hospitals and how that's linked. Clearly that would have a huge impact on the home care requirements.

The government is on record as showing an increase in the area of home care, but what I would like to know is what data exist that indicate the documented increases of demand. The percentages have flipped. What used to be 30% as a demand for home care service for out-of-hospital patients has now become 70%. Of course, what's happened is that the demands for those services that are not hospital discharges, that may be for less than critical or less than acute areas like housekeeping items etc, are falling off the bottom and not considered a priority.

But I wonder what data exist that you're collecting that say the number of patients of the individual CCACs is now 5,000 families versus 2,000, so that if you compare that to the supposed increases the government claims to be making in the area, it's not, as a percentage, keeping up with what the demand increases have been. So I'd like any kind of documentation that exists around the demands now made on the community care access centres, including the type of client they now serve, compared to even three years ago when the percentage was still 30% out-of-hospital discharges. I don't know if there is any, but I'd like to see some.

I'd like to know too the explanation for the \$7-million drop in amounts being allocated to community health services. I'm trying to see what page that was on.

Mrs McLeod: Page 111.

Mrs Pupatello: We're showing that it's going from—well, it's \$7 million less in any event, and I'd like to see if there's any relationship or correlation between the funding of community health services and the 109 communities that are designated as underserved com-

munities. Where community health services centres would have been used as some kind of a catch-all where there were families without services through their local doctors, which is certainly the case in my community, it seems to me that would be the ideal place to be funding community health services, and what we see overall is a decrease in funding. I just can't imagine the rationale for dropping what we're now spending in community health services when the number of communities without a sufficient level of doctors is going up, not down.

There are a couple of questions in the long-term-care area. I'd like to know the rationale for your announcement this past week of the 1.9% increase in the per diem for long-term-care facilities, the \$2.60. I think it was just last week. How did you get that figure? The long-term-care industry was suggesting there was a requirement for some \$25 more per diem per bed, so I don't know how you got from what the industry suggests they need to properly care for their patients in long-term-care facilities to the \$2.60 that was announced. Whoever is working in that area, perhaps they could say that it was an inflationary figure or perhaps it was something that was meant to be targeted to a particular kind of service that should be available in these facilities? How was that \$2.60 targeted? Why was it not all put toward nursing care, for example, where the regulation maybe would have been changed along with that to require a certain level of nursing services to each patient in a long-term-care facility?

I'd like to know where Ontario ranks in terms of the per diem across other provinces, even jurisdictions nearby, but particularly compared to other provinces. How do we fare in our long-term-care facilities?

I'm going to leave a little bit of time for Lyn to get some questions on record too.

Are there any questions about the information I'd like to have, if possible, so we could continue tomorrow?

Hon Mr Clement: I'm sorry, Mrs Pupatello, what was the last question?

Mrs Pupatello: Any questions on what I'd like to know in preparation for tomorrow?

Hon Mr Clement: No. Certainly some of them are—

Mrs Pupatello: I'm going across several topics here, I realize.

Hon Mr Clement: Are there any that you'd like us to try to focus in on? Some of them are factual numbers questions and others are policy questions, so is there a particular one you want to—

Mrs Pupatello: Yes. Well, I think you may even have a policy paper that drove you to do some of the things you did or there may be pieces of information—some of it is just a matter of data, for example.

Hon Mr Clement: Sure.

Mrs Pupatello: The CCAC question is probably the toughest, because it's a matter of what you know is happening on the ground, because your government has not set standards in place for what services should be in that basket to provide the patients in every region of Ontario. The CCAC boards really are on their own for

getting this lump sum of money and determining that in the basket in Sudbury will be these services, and in Windsor it will be these services. The Liberals have always maintained that when you started CCACs you should have set that out at the beginning so you wouldn't have the difficulties you have now where local volunteer boards are forced to make the decisions on your behalf for what they can no longer afford because that acute patient is now 70% versus 30% as a function of what's happening in the other parts of the health sector.

For the CCAC questions, I would specifically like to target certain regions: the Simcoe region, Kitchener-Waterloo, Sarnia-Lambton, Frontenac-Addington, Cambridge, York, Ottawa and Leeds-Grenville. Those regions in particular are struggling with meeting the demands of their community, and their local MPPs are well aware of those struggles and hopefully supportive of them.

Lyn, you wanted to get some questions in?

Mrs McLeod: Sure. I think the thinking was that Sandra had a number of questions that involved some data, so if you can come back with those tomorrow, we can deal with both the policy issues and the data that presumably you would have.

Hon Mr Clement: If I can return to the long-term-care issues, there were some issues that were more of a policy nature there that I can elaborate on here and that might help animate some further questions. Usually that's what happens in my case.

Can I just say a couple of words about that then. There are two branches to long-term-care funding, of course: capital and operating. Capital has been, I think, a remarkable success story after—

Mrs McLeod: Minister, we had a number of other areas we wanted to go into. One of the advantages of the opposition is we get to place some very specific questions, and I think Sandra's questions were asking for specific numerical data. We'd like to have that data as a basis then for having some further discussion. So if you're prepared to give some numerical data—otherwise, I'd like to put a couple of other areas on the table.

Hon Mr Clement: I guess, Mr Chair, I'm in your hands. There are some numerical data questions which I think we can either respond to now or respond to later, and there are also some public policy questions that were raised. I was merely attempting to—

1700

The Chair: In terms of the tradition of the committee, I think we try to keep it fairly even-handed. Each party basically controls how they would like to conduct each, and if the ministry is agreeable, then information that can be supplied on paper facilitates discussion.

What we from the committee need is, has the ministry agreed to provide the information that was asked for? Then it's up to the opposition if they want to move on to another line of questioning.

Mrs McLeod: We are going to come back and give that opportunity to respond to those questions.

The Chair: Just for the sake of the continuing discussion, for the whole committee's sake, is it an

agreement on the part of the ministry that the information would be provided?

Mr Burns: Mr Chairman, I would just add the caveat that those dozen or 15 data sources in the request, some of which I know we have already collected on that basis, but others we may not—we'll do the best we can. Where we don't have an immediately available data source for the question, then we'll tell you what we do have.

Mrs McLeod: Fair enough. Our goal simply is to get as many areas—we've got more areas to cover than we have time, so we want to try to utilize our time as best as possible.

Mr King: Could I just have one clarification on one of your questions? You mentioned that one of the lines was the community health centre line.

Mrs McLeod: Yes.

Mr King: You're comparing the difference between the estimates and the interim actuals? I just wasn't sure of the number. You came up with a number of seven—

Mrs Papatello: If you can refer me to the pages.

Mrs McLeod: It's 116 and 109.

Mr King: You referred to page 111.

Mrs Papatello: It's 116 of the interim actuals and 109 of the estimates for this year. So it's a \$7-million—

Mr King: So you're comparing the estimate to the interim actual?

Mrs Papatello: Yes.

Mr King: And that's the clarification you would like?

Mrs Papatello: Yes.

Mr King: OK. Thank you.

Mrs McLeod: This one may have a really straightforward answer right off the top, and then I can move into another more major area. I notice the Healthy Babies program is one area where the ministry shows a fairly significant increase in funding, albeit a large part of that, if not all of it, may be federal. It shows a \$21-million planned increase in the Healthy Babies program.

There was an article in the Toronto Star yesterday that said Peel region's Healthy Babies program has been cut back because the province has frozen funding for this scheme. I just wonder which is accurate.

Hon Mr Clement: I have no idea why they said that, because it's not accurate.

Mrs McLeod: Is Peel labouring under a misunderstanding of the program's funding?

Hon Mr Clement: I believe they are. Have you talked to one of their MPPs?

Mrs McLeod: Can we get some information, then, to clarify the public record?

Hon Mr Clement: Certainly.

Mrs McLeod: There are a couple of major areas I'd like to get into, and I'm going to start with cancer care. Again, it may be one where some data would have to be tabled, but let me ask, first of all: there's a \$245-million planned increase to Cancer Care Ontario in this estimate. Could you compare that to the budget request for me?

Hon Mr Clement: Are we answering these questions now?

Mrs McLeod: Yes, if there is an answer, otherwise I'll accept a commitment to bring—

Hon Mr Clement: I have a whole bunch of answers to Sandra's questions, but at some point I guess we'll have an opportunity to dialogue.

Mrs McLeod: We're going to go back to a major discussion of home care and long-term care.

Hon Mr Clement: I'm sorry, Mrs McLeod, but what was your question?

Mrs McLeod: It was about the budget request from Cancer Care Ontario in comparison to the planned increase.

Mr King: Dr Nuttal will answer the questions on Cancer Care Ontario.

Mrs McLeod: What was Cancer Care Ontario's request for a budget increase this year, compared to the \$245 million?

Dr Sandy Nuttal: I'm Dr Sandy Nuttal, with health care programs. I'm the consultant for Cancer Care Ontario within the ministry as well. We have before us Cancer Care Ontario's 2001-02 operating plan, so we're just now doing an analysis of what their budget requirements are going to be. But we had forecast that perhaps they would need up to \$245 million for all cancer services provided by CCO, and that's the number before you.

Mrs McLeod: So that's not necessarily based on either their request or the analysis of their operating plans?

Dr Nuttal: It's based on our projections and our discussions with Cancer Care Ontario as of last year when they were putting forward their budget requirements.

Mrs McLeod: Can you share with us what the totality of their request would have been prior to your analysis?

Dr Nuttal: We're expecting that Cancer Care Ontario is probably going to come in with a request that is very close to \$245 million when we look at the costs for providing radiation treatment across the province as well as expansions to the new and emerging drugs program that Cancer Care Ontario manages for the province.

Mrs McLeod: I'll come back to that if there's time, because I know that in previous years the prevention budget that was requested wasn't funded and I'd be interested in knowing whether that's going to be the case this year. But I'm particularly interested in knowing the increased cost of funding radiation therapy on a per-case basis now. That was a change in policy by the government, and I'm wondering what the increased cost of radiation therapy has been as a result of that.

Dr Nuttal: We have been providing Cancer Care Ontario and Princess Margaret Hospital, who are the only providers of radiation service in the province, with a cost per case of \$3,000. That was negotiated with both Cancer Care Ontario and Princess Margaret Hospital, based on the costs they incur to provide that service.

We have received in Cancer Care Ontario's operating budget, and from Princess Margaret as well, notification that \$3,000 per case is perhaps not enough to cover some of the salary increases they've been experiencing over the past year. So we are in dialogue with Cancer Care

Ontario to try to finalize that number. We're also in dialogue with Princess Margaret Hospital.

Mrs McLeod: What's the cost per case for radiation therapy in the private clinic?

Dr Nuttal: We're paying \$3,000 per case for cases treated in the after-hours clinic. There is a performance bonus associated with that, as there is with Cancer Care Ontario as well. However, the performance bonus for the after-hours clinic reaches \$500 per case in addition, should the clinic reach 1,000 treated cases. So that would average out to \$3,500 per case for 1,000 cases treated.

Mrs McLeod: And in CCO?

Dr Nuttal: Cancer Care Ontario provides a performance bonus for their cases as well. If they reach a 7% increase in cases, the ministry has committed to provide up to \$1.8 million.

Mrs McLeod: But it's not based on the number of cases?

Dr Nuttal: No, it's based on a 7% increase over last year's number of cases, so it would actually come in at less than 1,000 cases.

Mrs McLeod: Right. A thousand new cases?

Dr Nuttal: Yes.

Mrs McLeod: So the private clinic gets the performance bonus of \$500 per case for any 1,000 cases, regardless of whether or not that's an increase?

Dr Nuttal: Once they reach 1,000 cases, their performance bonus would be averaged out at about \$500 per case. That's an arrangement that was negotiated by Cancer Care Ontario with the independent service provider.

Mrs McLeod: Is that for every case over 1,000, or is it \$500 for each of the 1,000 originally, if they in fact see 1,000 patients?

Dr Nuttal: If they see 1,000 patients, they will be remunerated at the level of \$500 in addition to the \$3,000 per case for each single case. So at the end of the day, if Cancer Care Ontario is able to satisfy the ministry that they have indeed treated 1,000 additional cases through the after-hours clinic, the ministry would provide \$3.5 million to Cancer Care Ontario.

Mrs McLeod: I think I have that. It would be most helpful to see that in a written format.

There's a \$3-million cost here for enhanced radiation access. Is that the anticipated cost of the travel program?

Dr Nuttal: That's the third year of funding that was provided in a multi-year funding approval the ministry went forward with back in 1999. Once Cancer Care Ontario made the ministry aware that they were actually facing a crisis of proportions that Cancer Care Ontario themselves felt was no longer manageable, the ministry and the minister then appointed a committee to review radiation services at Cancer Care Ontario and to bring forward recommendations that would assist Cancer Care Ontario in expanding capacity. So back in 1999, we went forward with a request for \$15.5 million that will build to about \$20.1 million this year. The \$3 million you're seeing is the third-year instalment on that multi-year plan. That funding was to enhance and expand training

programs for radiation therapists and medical physicists and to increase salaries for radiation therapists and medical physicists in the Cancer Care Ontario system.

The Chair: You have 30 seconds

Mrs McLeod: Just one last question, then. Radiation therapy wait times: the goal of Cancer Care Ontario was to reach a target of 90% of patients being treated with radiation therapy within the accepted standard of four weeks. Do you know how close they are to meeting that standard, or even the 50%?

Dr Nuttal: At the moment, Cancer Care Ontario is able to treat about 40% of Ontario's patients within that four-week standard.

Mrs McLeod: And within eight weeks?

Dr Nuttal: They're getting pretty close to treating about 60% within eight weeks. That may fluctuate from time to time, depending on circumstances and availability of staff.

The Chair: We now turn to the third party for 20 minutes.

Ms Martel: I just return to the minister and look for an answer to my concern that you would be using the PricewaterhouseCoopers report to justify funding cuts to CCACs, when clearly the recommendation was to increase funding. I'd like to start there.

1710

Hon Mr Clement: I hope I made it clear, Ms Martel, that the report is pretty comprehensive. It deals with resource issues, and as I think I said in my earlier remarks, there is validity in that part of the report. The other parts of the report I was particularly interested in were the differentials in standards and the different quality and level of management ability in standards.

I'm sure you would want to look at the whole report, not cherry-pick out funding without looking at standards or management or standards of management without acknowledging funding. Our challenge, as represented via Minister Johns, is to come up with a viable, sustainable, excellent home care system which this province needs and certainly its citizens have a right to expect.

We have gone through a period of extremely rapid growth in our community care access centre and home care funding—as I mentioned, that 72% number comes to mind—over the last six years. I think our ongoing goal and aspiration is to make sure that the right home care or community care recipients receive the right service for their needs as close to home as possible. I must say it's an ongoing challenge, there's no question about it.

Ms Martel: With respect, Minister, the reason I am specifically referring to the funding issue is because, as I read it, the recommendation that came forward from PricewaterhouseCoopers with respect to increasing the funding was not dependent on having the other issues addressed. Clearly, their recommendation number four said that the ministry should continue to move forward with its commitment to invest in CCACs, as indicated in the ministry's business plan. It did not have any terms and conditions that that be done only in the event that some of the other management issues be dealt with.

I understand that the ministry, in conjunction with the association, is putting together or has put together a committee to deal with some of those other issues. But the funding issue remains and, as far as I'm concerned, stands alone in terms of a very concrete recommendation that was made, which was: put more money into the system. That's not dependent on doing some of those other things.

Hon Mr Clement: I suppose we might have to agree to disagree, but I would argue that we have shown our funding commitment year after year, including this year. From our perspective, from my perspective, we have shown a commitment to funding.

In order for the CCACs to meet their potential, we also have to look at their management and their standards. That's exactly what Minister Johns's responsibilities entail.

Ms Martel: Minister, might I ask you about a \$175 million-shortfall that has been identified for this year? When will this financial resource issue be dealt with?

Hon Mr Clement: I'm not sure where you get that number from, in the first place, but from our perspective, we have continued to fund CCACs. A lot of the additional equity funding and part of the \$585 million that we committed to was flowed for this year; it was flowed in the previous but it was for this year. So we continue to meet our commitments and we will continue to do so.

Ms Martel: Let me ask about the equity funding, then. How many CCACs received equity funding this year, just equity funding by itself, that they had been promised?

Hon Mr Clement: I think I need a bit of help on that.

Mr King: I'll just check to see if we have that exact number here. Oh, this year?

Ms Martel: Yes, because the minister said—

Mr King: No. We did not. There was no equity funding this year. As the minister indicated, a number of the multi-year funding arrangements that were previously made for CCACs did flow last year. They were funds from this year that actually were pre-advanced to the CCACs.

Hon Mr Clement: We pre-flowed them last year but they were for this year. That's exactly what I was saying.

Mr King: But the equity funding for last year, we can clearly get you numbers on that.

Ms Martel: A couple of things: I would appreciate receiving a list of the CCACs which are receiving equity funding now. I'm assuming we're all understanding that equity funding is over and above anything that everyone else gets to a base budget allocation.

Mr King: Right.

Ms Martel: So number one, I would like a list, if you can provide it to me, of which CCACs are receiving equity funding at this point.

Second, I would like to know the value of the receipt of those dollars. I would like to know which ones are receiving money and how much they have received to date, since the announcement was made in 1998. Is that a possibility?

Hon Mr Clement: Help me out here. How is that different from the first question that you asked? Is it a different number that you're looking for in the second question?

Ms Martel: Yes, I think there will be a different number and I'll tell you why. Sudbury, for example, was promised equity funding beginning in 2000-01. In the first years of the announcement we did not receive any equity funding. We haven't received any equity funding. I assume there has been a staggered implementation of equity funding in other CCACs as well, not just our own, so that no one single CCAC is receiving eight years of equity funding; there is a staggering of that allocation among CCACs that eight-year period. Am I correct?

Mr King: There would be a staggering of the funding. It's based on a number of factors that we apply every year for the equity funding formula. I think I understand, and I think our staff understands your question, to try and bring forward the numbers you require.

Ms Martel: You mentioned that a number of CCACs received equity funding last year and in essence had their allocations doubled up last year and for this year. Can you tell me why the Manitoulin-Sudbury CCAC has not received equity funding despite a very clear commitment that was made by Cam Jackson in 1998? I'd be happy to provide a copy of it to the ministry. I've used it in the Legislature a number of times. I'll just read you the relevant paragraph.

"Starting in 2000-01, and in each of the next five years, the Manitoulin-Sudbury CCAC will receive additional funding based on our equity formula." They did not receive it last year, they obviously haven't received it this year, but if you doubled up equity funding, as you say you did last year, they should have, last year, received two years of equity funding, as other CCACs clearly did. Can someone from the ministry explain to me why equity funding has not flowed to this CCAC, as promised?

Hon Mr Clement: We'll certainly look into that. When I look at the percentage increase from 1994-95, it's 24.3% for Manitoulin-Sudbury, compared to 23% in Algoma and 21% in Cochrane. Some are higher. Kenora-Rainy River is higher, for instance. There are different percentages, but certainly they've had quite a substantial increase in the six years under consideration. I certainly undertake to get an answer to you.

Mr King: We will undertake for that information.

Ms Martel: I will provide you with a copy of the letter, because I have checked and rechecked this on numerous occasions with our CCAC. To be clear about this information, they did receive 2% as an increase to base budget when all other CCACs did, but they have not received an equity funding allocation, certainly not in the first two years, and I don't know what's going to happen with the next three that they were promised, because they were certainly promised over five years.

Mr King: I am actually somewhat puzzled, as I think the minister is, because our notes are indicating a 24% increase. I would assume there would be equity funding

in there. I think it's best that we come back with that information, because it has thrown me off a little.

Ms Martel: That would be very helpful, because the view at the community level is quite a bit different. So if we can get it sorted out, I would be very happy.

What I would like to know, then: can you give me just at the moment an indication of how much of the equity funding that was announced in 1998 has indeed flowed to date? If I understand it, the announcement was about \$550 million. How much has been flowed since that time?

Mr King: Minister, if I could, I have to defer to staff because I don't have those details.

They're asking to table that also; sorry.

Ms Martel: So that I'm clear, what you're telling me is that this year is not a lost year in terms of equity funding.

Hon Mr Clement: No. That's my own characterization. I want to be fair. The way it was explained to me was that there was an equity component for this year but it was flowed last year. I'm trying to be fair. In my public statements, I have never tried to include last year's number, even though it was flowed for this year, because I didn't want to confuse people or double-count. But the reality of the situation is that that money was flowed last year for this year.

1720

Mr King: The other part of that that the minister also hasn't shared at this time is, last year we also reviewed all of the deficits at the CCACs and we did move dollars around among the CCACs to look at some sort of equity funding. It was that little year-end arrangement that we did within the CCAC envelope to help those out that were in a deficit situation. So we have worked very closely with the CCACs to manage their budget situations, particularly after last year, and then, of course, you have already made your comments relating to this year.

Ms Martel: Just so I'm clear, you have a pool of equity funding which is separate and apart from your regular base funding in CCACs and some of that money was used last year to deal with deficits?

Mr King: No, I'm sorry. The total amount of funding for CCACs—we do a review on a quarterly and a third-quarter report. Some of the CCACs were in fact reporting a surplus position last year. We reallocated those funds to help those within a deficit position.

Hon Mr Clement: And that's in addition to—

Mr King: It's an internal arrangement that we've done to help out. It addresses those communities that feel they have not been recognized under the equity formula. We did it on a one-time basis last year.

Ms Martel: Is there any other circumstance under which you would have taken money from what I would describe as the equity pool—maybe I'm misrepresenting it—and funded other programs? For example, did you do a general funding for AIDS programs out of the equity pool?

Mr King: The dollars within the CCACs were not moved elsewhere within the ministry. So the dollar vote for the CCACs was directed toward CCAC funding.

Ms Martel: But it might have shifted in terms of particular programs. For example, you could have taken money and, in a number of CCACs, provided money for AIDS services.

Mr King: We have a number of community programs that are funded that are special programs through CCACs, and we also have mental health funding that goes through CCACs. So that's a tough question.

Ms Martel: What I'm getting at is they wouldn't normally appear as part of a base budget for CCACs. Did you, at any point, make an allocation out of money you would have targeted as equity to deal with challenges in providing home care and to fund specific programs that, in essence, were not part of the regular budget of a CCAC?

Mr King: We have our director of finance for my division here. It would be helpful.

Mr John McKinley: I'm John McKinley. I'm director of finance for health care programs. The equity allocation is based on what is available in the fiscal year, and it's an allocation that we determine after we decide what the priorities are within the funding envelope for all of community services. There isn't a separate equity pot; it's all part of the allocation that goes towards CCACs.

Ms Martel: My apologies, but my understanding of your 1998 announcement was that there would be about \$550 million allocated over eight years—

Mr King: Multi-year announcement.

Ms Martel: —and I understood that to mean that it was a pool of money that was outside of money specifically allocated for base budgets for CCACs. I thought that it also included community-based agencies outside of CCACs.

Mr McKinley: That's correct. The \$550 million was in addition to that current level of funding for CCACs. It's not all equity funding, though. That's what I'm trying to say. There are other programs, as you said, some funds available for other community services.

Hon Mr Clement: That's a good point. The \$551-million announcement wasn't all just equity funding. It was a community service funding multi-year announcement, I think part of which was equity, but part of which involved other community services that we wanted to fund.

Ms Martel: And does the ministry have a certain percentage which is provided to CCACs, and then a certain percentage that is provided to other community-based long-term care agencies? Do you work on a 75-25 split?

Hon Mr Clement: Factually it works out that way, yes.

Mr King: We have worked on a 75-25 split before.

Mr McKinley: Yes, the original plan was to go towards a 75-25 split. That hasn't always worked out as being the actuals because, as we said, there have been internal reallocations to meet individual agency require-

ments. But generally speaking, that's what we have done up to this time.

Ms Martel: Now the formula that you're using for equity payments, just those: my understanding is that the ministry had a committee and was working in conjunction with the Ontario Association of Community Care Access Centres and that this has been underway for some long time now, more than a few years. Is there a new equity formula that the ministry is using at this point to make funding allocations?

Mr McKinley: No. The committee you're referring to as the community equity funding committee has been restructured to review the current equity funding formula that was used in previous years. The process is to update this as information becomes available to us in terms of the Ontario health survey, the actual experience of services provided in communities. We review all of the adjustment factors that are made inside the equity funding formula to try to make it more up to date and more germane to the current situation.

The ministry is working with the Centre for Health Economics and Policy Analysis. They've been contracted to do that analysis for us on that part, and the process is taking a long time. It's a very complex academic exercise to go through in order to redevelop the equity funding formula.

Ms Martel: When was the committee struck?

Mr McKinley: The second generation of the first committee was struck a year and a half ago.

Ms Martel: The first committee, when was it struck, in 1995-96?

Mr McKinley: In that neighbourhood; I don't know the exact date.

Ms Martel: My concern is that a committee was struck because there are obviously inequities. We would make an argument in northern Ontario that we have a great challenge in providing home care as well, just due to distances. My understanding was that there was a committee that was struck soon after your government was elected, Minister, and as I understand the conversation now, despite a great deal of work, there was a not a change in the formula.

Mr McKinley: There hasn't been yet.

Ms Martel: But it's been at least four or five years.

Mr McKinley: Yes, this information, the Ontario health survey, only comes out every couple of years. The population statistics that are used for this are only updated every four years. As I say, this is a huge exercise in order to link data sets to try to determine what an appropriate way of allocating need is in the community sector.

Ms Martel: Do you have an idea when there will be a result to all of this work that may result in a new formula? We would argue that in northern Ontario our health status indicators around smoking, heart disease etc are far higher than the average across the rest of the province and we should receive equity funding to compensate for that.

I'm not trying to ask this facetiously. I think there are some really serious health indicators that would point to a need to change the formula so there is a greater allocation of equity to northern CCACs.

Mr McKinley: CHEPA has said that the analysis they have undertaken to do will take six months from the beginning of the time they got the full set of information, what they have just received in the last six weeks. We are pushing them as hard as we think we can in terms of doing the work. I can't give you an exact date, but that's what they plan to come back to the committee with.

Hon Mr Clement: Can I interpose just for a minute and say, when I look at the annualized budget, the comparators over the six-year period in the northern region, clearly something is going on which is positive and beneficial, when some of those service areas are getting a 58% increase and a 42% increase. The 58% is in Thunder Bay and the 42% is in Kenora-Rainy River. Nipissing did not fare as well; it only got 19.9%. But when I look at those, clearly there is some equity funding going on, there is some meeting of the needs that have been articulated to the government that is transpiring.

I think it would be a wrong characterization—I'm not trying to put words in your mouth—to suggest there is no equity funding or no progress on equity funding that has occurred in the last six years. I think there has been progress made.

The Chair: You have about 20 seconds.

Ms Martel: Minister, if I only go to our own case, I think we'll have to have a discussion about the numbers in Sudbury and see if that has been the case, because clearly their view of the world is different from yours.

One final question: there was a decision rendered by the Health Services Appeal and Review Board at the end of June regarding a case involving the North York Community Care Access Centre and your ministry; they were both participants. The outcome was that the board made it clear that neither the ministry nor the North York Community Care Access Centre could use legislation to support eligibility criteria for homemaking and personal support services. The board argued that the legislative framework did not exist to establish criteria.

It's my understanding from our CCAC that your ministry was to develop a regulation to remedy that, and their discussion with MOH on that was on September 4. Can you tell me what is happening? Clearly, it has an impact on a number of other CCACs.

1730

Hon Mr Clement: Certainly, in developing legislation as well as regulations.

Mr King: The particular case you're referring to is actually being appealed by the ministry, so it is before the courts right now.

The Chair: Ms Martel, I think we'll have to accept that answer, in the interest of time and fairness to the other caucuses, but you're welcome to come back to that.

We'll turn to Mr Wettlaufer and the government caucus.

Mr Wayne Wettlaufer (Kitchener Centre): I read in the newspaper not too long ago that the ministers and our government expect the toughest questions in estimates committee from the members of the government, so I hope you're prepared.

Some time ago we announced a program to increase the number of nurse practitioners. I have to say that in the area of Waterloo region, in my riding of Kitchener Centre, where we have a rather dramatic shortage of physicians, where we were hoping the numbers of nurse practitioners would take away from this shortage and would solve some of the problem, we haven't seen an increase in nurse practitioners solving this problem. I was just wondering what the status is.

Hon Mr Clement: Let me just say at the outset that this is a program that we're quite proud of. I won't get into the details, but there certainly has been placement of nurse practitioners, and we've targeted underserved areas, of course. Having said that, could I have your indulgence to defer to Kathleen MacMillan, who is the Chief Nursing Officer for the province of Ontario, who can give you some specific details.

Mr Wettlaufer: Yes.

Ms Kathleen MacMillan: I'm Kathleen MacMillan, the provincial Chief Nursing Officer. This government has done a number of things around introducing nurse practitioners to the system, although as you know, nurse practitioners have been a feature of the health care system for about 25 years. We were able to pass legislation to expand the legal scope of practice for nurse practitioners in 1998. Since then, the government has provided \$1.7 million to fund the nurse practitioner education program and \$5 million annually to upgrade 87 full-time-equivalent nursing positions in CCACs to nurse practitioner positions and also to create 34 new full-time-equivalent nurse practitioner positions in community-based settings.

More recently, as a result of recommendations from the nursing task force in 1999, the ministry set aside another \$10 million annually to fund an additional 106 full-time-equivalent nurse practitioner positions, which takes into account underserved areas, long-term-care facilities, some initial primary care reform networks and aboriginal community health access centres. In addition to that, another \$1 million was provided for a two-year pilot project to hire nurse practitioners in five public health units in which we had very low participation in cervical screening programs and also very high rates of cervical cancer.

At this point in time we have issued a request for proposals to do an evaluation of the impact of nurse practitioners on the system, on patient care and on providers. We are just in the process of evaluating the response to that request for proposals. This is part of the initial plan for implementing nurse practitioners in Ontario that was committed to back in 1994. We would like to see the results of that evaluation. We're not waiting for that, though. In addition to that, we're also looking at a very substantial role for nurse practitioners in the

Ontario Family Health Network project, and we are discussing that with the board of the Ontario Family Health Network strategies to implement nurse practitioners as part of that initiative for primary care reform.

Mr Wettlaufer: So how many new positions have been created to this point?

Ms MacMillan: In total, we had 34 new positions and 106 new positions with the \$10 million.

Mr Wettlaufer: That's what we were authorized to create, but have they actually been filled?

Ms MacMillan: Actually, we've done very well. The 34 new positions with the \$5 million from 1998 have been filled, and of the 106 positions that we provided the funding for in 1999 as a result of the Nursing Task Force, as of September 1 we have filled 97. Some communities did have difficulty recruiting, so we did some reallocation of just a couple of them, and with others, we waited for them to arrange to send local nurses to the nurse practitioner program so they would be able to take advantage of that.

Mr Wettlaufer: OK. I may want to follow this up tomorrow, but that's fine for now.

I have another question. Minister, you may want to call Mr Zegarac back because it relates to the recruitment of foreign-trained physicians.

I have recently had, and my staff has had, a number of discussions with the multicultural centre in Kitchener-Waterloo. Additionally, I have talked to a couple of local physicians who advised me that they're going to be retiring. We already have this shortage of physicians in our area, and these retiring family physicians have no one to sell their businesses to. I have been advised that the College of Physicians and Surgeons, of which I am a major critic—in fact, in another couple of years I may be public enemy number one as far as they're concerned—is directing their efforts under this program to attract Canadians who were trained and educated here but are practising elsewhere in the world, and that there is a bias against foreign-trained physicians.

According to one of the physicians to whom I talked, there are 352 foreign-trained physicians in the region of Waterloo, none of whom is eligible for the agreement that we made with the College of Physicians and Surgeons. I'd like a reply to that, and then I have a couple more follow-ups to that.

Hon Mr Clement: Sure. Let me ask Mr Zagarac to reply, and then I will add something at the end of his reply, if that's appropriate.

Mr Zegarac: If you're referring to the two international medical graduate programs, maybe I can differentiate between the two. One is our graduate training program, which is our traditional program, into which we've increased our enrolment from 26 to 50 positions. That program is geared to international medical graduates, whether they're Canadians trained overseas or foreign. There's no distinction there.

The assessment program right now, which was recently announced by the government and was a recommendation of the expert panel—the expert panel

recommended 25 positions; we went beyond the 25 positions to 40. We're working with both the CPSO and the faculties of medicine. The faculties of medicine have hired a manager for the program and the program is currently being designed. I am unaware of any design feature that would exclude international foreign graduate practising physicians from this program. The program is geared to ensure that we have a design feature that would encourage those who have been most recently practising and those who have experience in the specialties that the communities themselves are looking for. So if they have pediatric or obstetrics or general surgery experience, that would be a criterion they would review that on, but it's not based on citizenship.

1740

Hon Mr Clement: If I can just add that parenthetically, Mr Chair, with your indulgence, Mr Wettlaufer has been a great overseer and reviewer of the CPSO and all of the policy and decisions that flow from that. I want to give him this public commitment that I'm going to be watching very closely the design of this endeavour. I want it to be a success. I have a community that I represent that I think is similar to Mr Wettlaufer's, and I think Mr Hastings would have a similar community as well. We have a huge pool of talent that is being wasted because of previous design flaws, if I can use that neutral language, and I for one will not abide something that reinforces that. I want to blast through that and get to a place where we are utilizing these individuals and the skills they bring to this country and to this province. That's certainly my intention.

Mr Wettlaufer: Thank you, Minister.

There's an estimate—don't leave, Mr Zegarac—that it costs \$10,000 to \$15,000 for these foreign-trained physicians to write the exam and take any upgrading that may be necessary in order for them to practise in Ontario. Is that correct?

Hon Mr Clement: Does that include the lost income in terms of the time it takes to write this? Do you happen to know?

Mr Wettlaufer: I was told it was a cost.

Hon Mr Clement: A cost.

Mr Zegarac: There is a cost for the exam. It's not that large. I can get you the exact number. But I would anticipate that number must include other costs, whether it be lost income opportunities or others. I can endeavour to get you an answer on what the costs would be.

Mr Wettlaufer: What is the cost of writing the exam?

Mr Zegarac: I don't recall off the top of my head.

Hon Mr Clement: It's in the hundreds, though, isn't it?

Mr Zegarac: I think it's \$500, but I would have to get back to you with the exact amount.

Mr Wettlaufer: Any upgrading of education: what would the cost of that be?

Mr Zegarac: We would cover the upgrading of education. That is the international medical graduate program, so we actually cover the cost of that graduate training.

Mr Wettlaufer: OK. Of those 90 positions that you were talking about, how many of those have been filled in the medical schools or in the graduate program?

Mr Zegarac: For the international medical graduates?

Mr Wettlaufer: Yes.

Mr Zegarac: We have filled all the ones through the McKendry report that were announced, so the 24 to 36 positions were immediately filled. We have just announced right now the expansion to 50, and they're in the process of filling those. Those will be filled throughout the year. The 40 assessments: that program is currently being completed in terms of the design features. That, we anticipate, will be started in the fall, so that program will be underway very shortly.

Mr Wettlaufer: Is there a list of underserved areas that are getting these doctors? You had mentioned that these doctors must practise in the underserved areas. Do we have a list of which underserved areas are getting them?

Mr Zegarac: We have a list of underserved areas identified through the ministry. That would be one program criterion, and there are others that would be identified by the Council of Ontario Faculties of Medicine and CPSP, as they're working with us to design the program.

Mr Wettlaufer: Is that list going to be made public?

Mr Zegarac: It will be announced and it will be made available.

Mr Wettlaufer: I would appreciate getting a copy of that list because my region doesn't have any. We suffer a great shortage of physicians. We are one of the largest recipient areas—in terms of numbers, not percentages—of actual numbers of immigrants. We are third only to Toronto and Vancouver in all of Canada and we need doctors.

Hon Mr Clement: We hear you loud and clear.

Mr Wettlaufer: Thank you, Chair.

The Chair: You have about five minutes.

Mr Miller: In my riding of Parry Sound-Muskoka there are some communities that are hoping to get nursing stations. I believe Dunchurch and Rosseau are doing community fundraising, and they've been lobbying me for support in trying to get nursing stations in those communities. I certainly understand these are challenging times in the health area, with all the demands you have for money, endless demands for money. But I'm wondering, with these types of projects, whether there is a budget for them or how they might fit into the plans of the Ministry of Health.

Hon Mr Clement: Are you referring to what we would call community health centres, that they would be staffed and salaried medical professionals? Do you think that's what you're referring to?

Mr Miller: I believe so. They may have nurse practitioners in them as well.

Hon Mr Clement: Yes, that's right. This is the current status. I actually met recently with the representatives of the community health centres, and it comes up certainly from time to time. The community health

centres have been a program of this province for a number of years. The development of new community health centres was put on hold for a period of time until we had a handle on their relationship and their connection to the family health networks, which is of course a huge and important program. So it might be referring to that too.

Let me just answer directly: the community health centres at least have to be connected to in some way the family health networks that we seek to create throughout the province. I'm of the view that we're getting very close to sorting that out as we move forward on the family health networks in the next few weeks and months.

I've been advised that we also have an underserved area program specific to 23 rural and northern communities for nursing stations, and that's probably closer to what you were referring to. We provide nurse practitioner salary funding to hire three nurse practitioners, typically. We've upgraded 17 of the nursing stations. That's what I know to date. The particular situation—I'd have to get back to you unless Mr King or Mr Burns or somebody—

Mr Miller: I believe that's what they are. We currently have one, I believe, at Britt and also at Pointe au Baril, and Dunchurch and Rosseau have applied. I know, as I mentioned, they're raising money in the community. There's a lot of support in the community in these remote areas for a nursing station, I guess it would be called. I'm certainly keenly interested in it.

Hon Mr Clement: Thank you for bringing it to my personal attention. That's helpful.

The Chair: Another few minutes.

Mr Mazzilli: Thank you, Minister. I want to move on to a different subject, one that I think we need to explore and one in which we need to work better among the different ministries, and that is to promote participation. We put a lot of focus on organized sport, if you will, but in fact it's taking a walk and simple participation that have benefits. I will be promoting at some point with your ministry—there are some joint programs—the idea of an Ontario fitness path to promote fitness among our young people. We know that inactivity continues to be a problem with young people, and some older people, and I believe it's an area that can reduce some medical costs. You never actually see the savings, because new procedures come around. But I think there are benefits on quality-of-life issues that we need to explore and promote. I'll end it with that.

Hon Mr Clement: I'm very happy that Mr Mazzilli has been charged with this responsibility. I've met with Bruce Kidd and others, for instance, on these very issues in the past and look forward to working with him in the near future. I think there are ways that his proposals, when they're fully developed, and our ministry can work together. We've got a whole raft of preventive medicine issues, wellness issues that we want to promote as well, so I think there's a way for us to work together.

1750

The Chair: Now to the official opposition.

Mrs McLeod: I have just a couple of questions that I want to table for information for tomorrow, just to have it in writing, if I may, following up on the last discussion. Could I get the numbers as to how many patients are now receiving radiation therapy in the Cancer Care Ontario public centres, in PMH and in the private clinic, and then how many patients would have to be seen—and I suspect it's a straight 7% calculation—by CCO in order to receive the \$1.8-million bonus, and what that would mean by estimate in terms of a cost per case for those patients?

I would also appreciate a clarification: if the private clinic sees 1,001 patients, what do they get in terms of a cost per case? Do they get \$3,000 for the first 1,000 and \$3,500 for one, or do they get \$3,500 for each of the 1,001? I understand it's the latter. I'm seeing nods, but those don't translate into Hansard. Could you please put that on Hansard? Nods don't translate at all.

Mr Burns: For each, for the total.

Mrs McLeod: They get \$3,500 for each of the 1,001. Thank you. So could I just get those numbers?

I do want to acknowledge, Mr Chairman, the receipt of written answers to most of the questions I tabled at the last session, except for one, and that's the critical care bypass/redirect numbers. Will those be forthcoming?

Mr King: Actually the issues surrounding critical care bypass and redirect are presently in front of the Privacy Commissioner, so we are awaiting now—

Mrs McLeod: I'm sorry, referred by? Why is it in front of the Privacy Commissioner?

Mr Burns: We have an FOI for data on the same subject area you just raised. We are in discussion with the Privacy Commissioner and the person who asked for the data about the form of the data and when we can get it out.

Mrs McLeod: So the ministry has actually balked at releasing that material publicly, even when asked specifically for it?

Hon Mr Clement: I think that's a characterization, Mrs McLeod. I think we're trying to work out the best way to release the data in the most accurate and fair manner possible.

Mrs McLeod: We'll look forward to some form of public release, then.

I want to note for the public record that the number of full-time nursing equivalent positions across the board is 8,555, according to the ministry's tabled documents today. I just want that to appear in Hansard.

I guess I have, what, two minutes left? Three?

The Chair: No, I think you have about eight minutes.

Mrs McLeod: Oh, good, all right. Tomorrow, whole new areas.

The Chair: You look a little happier than the minister, Mrs McLeod.

Mrs McLeod: I'm much happier.

Hon Mr Clement: I think we're 22 minutes over in Newfoundland.

Mrs McLeod: I do just want to note, because my colleague has tabled a number of questions and we do want devote a significant amount of time tomorrow to a

discussion about home care and long-term care, that if there is written material, as there was today—I had asked at the outset of today's meeting if there was anything to be tabled, and at that point there wasn't—if it could be provided as soon as that material is prepared. If it is in fact available before the committee convenes, it would help to just make our time—

The Chair: I'd be happy to take that question to the ministry, but I would also like to commend this ministry for having responded in a timely fashion. If the further courtesy could be extended to make that available, I'm sure the clerk would be willing to distribute that in advance or some short minutes ahead of time, if that's what you're seeking.

Mrs McLeod: I agree. In fact, I'll also pass on an unexpected compliment to the ministry, because I really appreciated the answers on hospital restructuring capital and on how far the ministry has worked to make sense of what they were left with by the restructuring commission—and you don't need to respond to that, Minister.

On the issue of OHIP, you have made a commitment with the OMA one or two contracts ago to find \$50 million in efficiencies, ie delisting. I understand you have now found \$7 million in the delisting of audiology services, although I'm not sure how that's going to be recaptured if those people are seen by ENT specialists there. But I understand the paper saving is \$7 million. On physiotherapy it's \$17 million from delisting schedule 5, the G code clinics. Can you tell me where the balance of the \$50 million is to come from? What further services are about to be delisted?

Hon Mr Clement: I don't think we have an answer to that yet.

Mr Burns: There is a body, called the physicians' services committee, which brings together the ministry and the OMA and works on the implementation of the agreement and collateral issues. It sponsors the work of reviewing the fee schedule and the committee process. While it's looking at a range of current fee practices and other ways of constraining the expenditures in this particular pot, it does not have a specific set of recommendations about to come forward. We expect it some months from now, not weeks.

Mrs McLeod: How much would you estimate is left to be recaptured of the \$50 million in "efficiencies"?

Mr Burns: I think the ones we've done so far are a bit over half of it, so a little less than half is what we're still looking at.

Mrs McLeod: So something in the order of \$25 million still needs to be transferred?

Mr Burns: Yes, between \$20 million and \$25 million.

Mrs McLeod: That fits. I had \$17 million and \$7 million, just from the two we were aware of.

Mr Burns: And there have been some other changes made as well already.

Mrs McLeod: I know of at least one alternate plan that was put in place, and let me express my appreciation—that makes twice in the last 15 minutes—for the

fact that where the G code clinic was the only form of non-hospital physiotherapy clinic in the northwest, there was an alternate payment plan put in place in my community. I appreciate the recognition of the dilemma that was faced there.

I am, however, concerned about physiotherapy services and about audiology services in public centres. I'm wondering whether or not the ministry is looking at alternate payment plans for both physiotherapy clinics, additional schedule 5 clinics and/or some other alternate payment plan for public clinics for physio; and second, whether or not you are considering alternate funding mechanisms to provide for public clinics for audiology services.

Hon Mr Clement: I think we have to be careful what is said on the record. There are a couple of pieces of litigation involving this file, so I feel a bit constrained—

Mrs McLeod: If I may, Minister, the litigation would have no effect on the government's ability to provide some alternate funding, would it?

Hon Mr Clement: I think lawyers would say that anything pertaining to the file is rather sensitive. Can I take your question under advisement until I find out what I can or can't say?

Mrs McLeod: Actually, I think what you're telling me is on the audiology side, that if you were to provide alternate payment schemes for audiology clinics you would have to acknowledge that the audiologists have an independent scope of practice, and that indeed is before the courts. Can you answer the question on the schedule 5 clinics for physio, then, because you're not in front of the courts on that one?

Mr Burns: I would just say broadly that in the fall, all ministries examine the activities they fund and the demand for those services, and put in front of ministers and the government forecasts and options for meeting them. In that sense, we are looking at all 120 or 130 areas that we fund, to some degree or other, and looking at next year's activity levels.

Mrs McLeod: Do I have any more minutes to pursue the Mr Chairman?

The Chair: You have two minutes in total.

Mrs McLeod: How many hospitals—

Hon Mr Clement: Do you want it alphabetically?

Mrs McLeod: As you look at one of your 120 areas of service, one of which is to provide public access to physiotherapy, do you have any idea how many hospitals have discontinued outpatient rehab?

Mr Burns: I don't, sitting here right now, know what changes may have taken place in hospitals.

Mr King: Actually, we're trying to continue to encourage the operation of outpatient physio in hospitals. Many of those hospitals are also opening rehab in-patient beds, so that also promotes the need to have support systems for outpatients.

Mrs McLeod: Are you encouraging them with targeted dollars? Is that how you're encouraging the hospitals to have outpatient physio?

Mr King: We have actually targeted dollars for opening up rehab beds, and we are also moving on some commission direction for ambulatory care services, of which rehab is a part.

Mrs McLeod: Is there a figure in these estimates to support that, the ambulatory portion?

Mr King: There is a \$10-million note in the estimates for ambulatory care programs, but it relates not just to outpatients but also to emergency department expansion. That is also in there. But I didn't want to get into that. I actually wanted to indicate that of course we are encouraging that hospitals continue to provide rehab services for both in-patients and outpatients.

Mrs McLeod: I appreciate verbal encouragement, but this is estimates. I'm looking for how you're actually encouraging them.

Mr King: We do have a set number in the estimates, both for rehab in-patient beds and for ambulatory outpatient care, of which some would go to rehab programs, if that's the answer you'd like.

The Chair: We'll continue until the House recesses, which should be momentarily, if you'd like to—

Mrs McLeod: To finish off some of my questions on physio then, in the time we have, do schedule 5 clinics and their operating funding continue to be capped as a total budget?

Ms Susan Fitzpatrick: I'm Susan Fitzpatrick, the director of the provider services branch.

There is a budget for the schedule 5 physiotherapy clinics, and they're expected to stay within that budget. To the extent they don't, we can take some action to reduce the payments. We have not taken any action at this point.

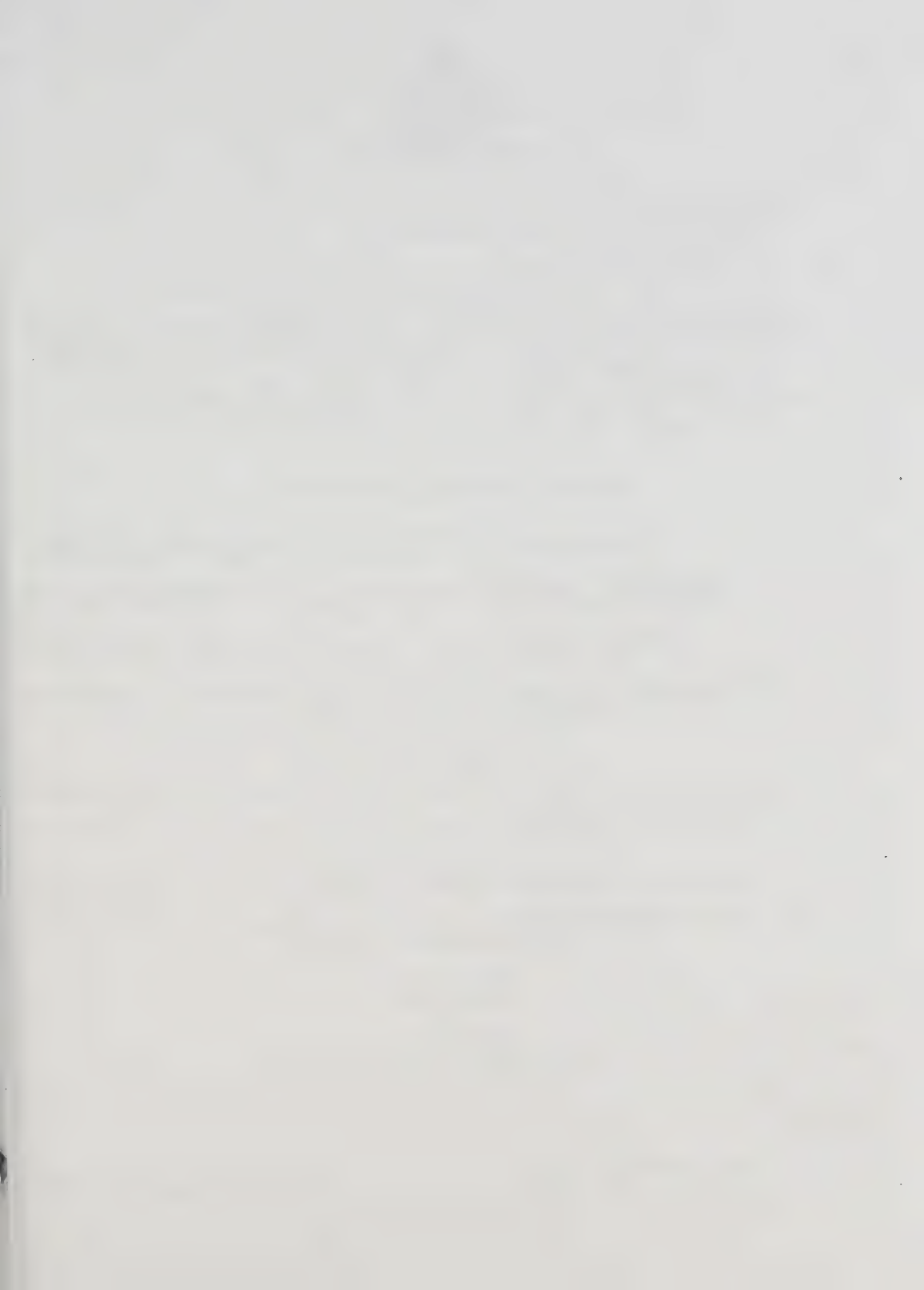
Mrs McLeod: Can you tell me how many schedule 5 clinics existed last year and how many exist this year?

Ms Fitzpatrick: I believe the number is the same. It's 103. They've been grandfathered since late 1968.

The Chair: Thank you very much. With that, the House is adjourned and so are we.

The committee adjourned at 1801.





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Standing committee on estimates

Ministry of Health
and Long-Term Care

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 3 October 2001

Mercredi 3 octobre 2001

*The committee met at 1530 in room 228.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Vice-Chair (Mr Alvin Curling): I call the committee to order for the estimates of the Ministry of Health and Long-Term Care. I understand that when we recessed yesterday there were nine minutes left in the Liberals' round. On the Liberal side, Mr Peters will start.

Mr Steve Peters (Elgin-Middlesex-London): Minister, yesterday morning we spoke on the telephone and I certainly had the impression from that telephone conversation that you were going to be looking into what was going on in London. You left the impression with me that you were going to do everything you could from a funding standpoint. Yet today the board of directors announced the discontinuance of not 14 programs at the London Health Sciences Centre, but actually 18 programs.

Mr Dagnone, the CEO, wrote me today and, including in the press release, says that these are the right decisions for the hospital to make, decisions, though, that are going to jeopardize the world class transplant program at this hospital, the pediatric cardiology programs and a number of other programs.

In your opinion, is this the right decision? Is this what we need to be doing in health? I think you're doing a disservice to families in southwestern Ontario. You stood in the House today and talked about how proud you are of the way things are going out there. To me this is a very dark day in southwestern Ontario. I'd appreciate your comments on that.

Hon Tony Clement (Minister of Health and Long-Term Care): The context of my comments today were that, if you look over the last two fiscal years, London Health Sciences Centre has had a funding increase of 26%. So in contrast to your fairly negative characterization of our commitment to health care in London, I wanted to put on the record of the House that in fact our commitment has been quite substantial. A 26% increase in the last two fiscal years is, I think, a fairly substantial indication of our commitment to Londoners and to the quality of their health care.

You make reference to the media release that came out at 3 pm today from the London Health Sciences Centre. It came out from the board of directors. It references the

fact that the plans and renewal work they've been working on commenced in May 2000. So this is not something new or unexpected in that respect because the scoping exercise has been ongoing for almost a year and a half. Mr Dagnone, the president and CEO of LHSC, says in part, "We"—meaning the hospital—"have accepted the reality that we cannot be all things to all people and sustain ourselves as a centre of excellence. Advances in medical science and technology hold promises of unprecedented benefits to patients. We recognize that we needed a plan to guide our future direction and to ensure the future well-being of our patients."

I think that is a fair indication of the London Health Sciences Centre's position on this. My job of course, in our operational plan reviews, in our reviews of functional plans of hospitals such as the London Health Sciences Centre, is to always review those plans, to make sure the public interest is maintained, to make sure the health services system as a whole is able to present excellent quality care to the patient, as accessible as possible, as close to home as possible. It may not be the case that every single component of health care remains absolutely static for ever and ever, amen. Some things have to change.

Mrs Lyn McLeod (Thunder Bay-Atikokan): So you're saying that—

Hon Mr Clement: Excuse me, I'm not finished yet. The fact is that the question at hand is, is the London Health Sciences Centre going to move to its areas of excellence and do we make sure that the other aspects of their work previously are picked up by other elements in the health care system? I think we can ensure that, to provide better quality care for Londoners. I'm quite convinced of that.

Mrs McLeod: Minister, let's get some facts on the table in terms of deficit reduction plans and operating plans of hospitals. Your government indicated very clearly that hospitals would be bailed out for their deficits one more time and then they would be expected to get their budgets balanced. You made that absolutely clear. In fact, you had a piece of legislation that was going to make it a legal requirement, although that legislation hasn't gone forward.

I'd like you to tell me how many hospitals in the province right now have been asked to present operating plans with deficit reduction plans in those operating plans.

Hon Mr Clement: I'll defer to Mr King, but I will say parenthetically that, yes, our government favours greater accountability for all our transfer partners.

Mrs McLeod: I just want some facts, some numbers, Minister.

Hon Mr Clement: I'm sorry?

Mrs McLeod: I just want some numbers on the table. This is the estimates committee.

Hon Mr Clement: I wanted to make sure the characterization of our policy was correct, because you can characterize the policy, but it's our policy as government, and our policy as government is to ensure that all transfer partners are accountable.

Mrs McLeod: Mr Chair, I believe this is a small segment of time in which to get answers to the specific questions, and I've asked a question of the minister—

Hon Mr Clement: I'm sorry. I thought you asked me a question.

Mrs McLeod: I did. I asked a question about numbers. I'd like an answer.

Hon Mr Clement: I'm answering the question. I want to assure this committee that our government will be second to none in terms of ensuring there is proper accountability for all our transfer partners, to ensure that the patient or the recipient of municipal services or other services—

Mrs McLeod: Mr Chair, I would ask for a ruling, please. This is the estimates committee. You'll have ample opportunity to interpret the data, as I will. We'll have other forums in which to debate it. You've made some statements about numbers. I want to get the numbers on the table. I started with a very straightforward question. I'd like an answer, please, to how many hospitals have deficit reduction plans within their operating plans that are sitting on your desk right now for approval.

Mr John King: I'm John King. I'm the assistant deputy minister. There are 159 hospitals in the province. We do not have specific numbers of deficit plans because we are not finished our review of the operating plans for the hospitals. A number of hospitals have indicated that is the amount of funding they will have for this year, and they are asked to work within that, or minimize disruption to patient care or minimize their deficit or operations. But we do not have any on the books right now for approval of a deficit plan.

Mrs McLeod: How many hospitals, then, in their current operating plans—to use your words, having been told that they know how much money they're going to get and have to live within it—are looking at a deficit at this point?

Mr King: The first day I went through the difference in what the hospitals submit and what is acceptable, depending on what they assume. If it's a new program that is not approved, often that becomes part of their deficit. So it's very difficult to give a number, but I would say that that there were probably around 50 hospitals that indicated that without financial assistance this year, they would need to look at either some reduction or deficit plan.

Hon Mr Clement: Let me qualify that slightly, Mr Chair, with your forbearance, to mention and reiterate what Mr King said earlier: sometimes the assumptions of the hospitals, when they make those proposals, turn out to be a misinterpretation or a misapprehension of the reality they face. So that number has to be taken with that qualification.

Mrs McLeod: Fair enough. With that in mind, Minister, when I indicated in the House today that, according to the estimates books, you are intending to give hospitals \$120 million less this year than they received last year according to the interim actuals, you indicated that was not correct. I would draw your attention to page 71 of the estimates book where it indicates—and we've discussed this already in the session that Mr Maves was attending, and I do have this on record in terms of our discussion at the time—the interim actual is \$8,720,596,408. Your plan to spend in 2001-02 was actually \$8.47 billion, which would have been significantly less, but I recognized you had made an announcement in July that increased hospital funding by \$200 million. That leaves a deficit, in terms of the funding last year and the funding this year, of \$120 million.

Hon Mr Clement: No, I'm afraid I have to put on the record that I disagree with your interpretation of our estimates and the reality we face right now, which is a \$450-million increase in operational funding to hospitals.

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Mrs McLeod: If you compare the interim actual to the estimates, are you telling me that one of those figures is inaccurate?

Hon Mr Clement: I'm saying that your interpretation of the reality of the present is incorrect.

Mrs McLeod: I'm just asking for a basic bit of subtraction, Minister.

Hon Mr Clement: I've just answered the question. You are incorrect, Madam.

Mrs McLeod: Then your estimate figures are misleading, to say the least, because your estimates—

Hon Mr Clement: Well, sometimes estimates change. In this case I can tell you that since the announcement we made in July, there has been an increase in funding based on the base for hospitals, comparing year upon year, of \$450 million to the positive.

Mrs McLeod: Last week in estimates committee, your parliamentary assistant read a written statement, of which we have copies, which reiterated exactly the figure you used in July, which showed that the base hospital funding for this year would be at a record high of \$8.6 billion. That's the figure I'm using. I'm not using the \$8.47 billion that's in your estimates book. I've acknowledged that you have increased that planned spending since the estimates books came out in June. A handful of weeks later, you increased that by \$200 million in response to hospitals saying, "We need \$650 million." It still leaves you, according to the printed estimates of your ministry, allowing for that \$200-million

increase, \$120 million short of interim estimates from last year.

Hon Mr Clement: I'm afraid I must state for the record that that's an incorrect interpretation.

Mrs McLeod: Then I will have to ask for the record that you present accurate estimate figures on hospital funding, interim actuals and planned spending for this year, to this committee, because otherwise you have misled this committee.

Hon Mr Clement: That is a very intense accusation to say, Ms McLeod. I hope you would see fit to withdraw that.

Mrs McLeod: As soon as the information is presented, I'll withdraw it. As soon as the information corroborates the minister's statements, then—

Hon Mr Clement: Perhaps my assistant deputy can once again go through the correct way to interpret these things.

The Vice-Chair: I know it's not good for us to say that one is misleading the other. I'm going to have to ask you to withdraw that.

Mrs McLeod: I will withdraw that term and I will ask the minister to present corroborating documentation for the figures which he has indicated are incorrect and, if my figures are incorrect, to present accurate figures for his estimates on hospital funding. I would then ask—

Hon Mr Clement: If I could ask the deputy, perhaps, or John King, my assistant deputy, could help you out.

The Vice-Chair: Mr Minister, time is up for the Liberals. Those figures can be presented—

Mrs McLeod: Thank you. We'll wait for the figures to be presented.

Ms Martel: Minister, I would like to go back to the contract between Cancer Care Ontario and Canadian Radiation Oncology Services. I'd ask if you can answer a few more questions regarding the details of the contract. I'm not sure if you want to do this or if you want to have one of your ministry staff return.

Hon Mr Clement: It depends on how detailed the question is.

Ms Martel: I would like you to go through with the committee again your understanding of the details of the contract, specifically at what point a premium is paid.

Hon Mr Clement: OK. I think we can go through that.

Mr King: In answer to your question, the intent of the contract was such that if the after-hours clinic reached 1,000 cases, they would be paid \$3,500 per case. So in that situation, if there were 1,001 cases that did occur, then they would be paid \$3,500 for each of the 1,001 cases; that's part of the questions you asked the other day. To date we have seen about 530 cases through that clinic, so we haven't reached, of course, the 1,000. The key to this arrangement, which was requested by Cancer Care Ontario, was to ensure that the after-hours clinic would prevent re-referrals to the United States. That was the goal. By June 1, of course, that did occur. We were no longer sending patients to the United States. So part of the bonus system was to recognize performance.

We also, as I mentioned yesterday, provided the same to the Princess Margaret Hospital, as far as a bonus recognition for productivity.

Ms Martel: Are you aware of any other bonuses, premiums or guarantees that would involve additional money through the contract?

Mr King: No. If I could, I may also have one of the individuals involved in the—you need to understand the contract is not with the government, it's with Cancer Care Ontario, so we are not necessarily aware of all the details of the contract.

Ms Martel: You're paying for the contract, though. Am I correct? You are providing additional funding to CCO to cover these costs?

Mr King: That's true, but hospitals have contracts with many private organizations and we do not see all these contracts, but we still pay for that arrangement.

Ms Martel: But do you feel confident that the information which has been provided to us by yourself now, yesterday by a ministry staff person and also in the briefing notes, are the real terms, conditions and details of the contract? You must, or you wouldn't have given us this information, correct?

Mr King: Yes, that's right, but I think you should be made aware that we are also doing a value-for-money audit that was requested, and we're right in the process of that occurring. I think a number of those areas will come out of that value-for-money audit which is presently underway. The ministry is co-operating fully with that.

Ms Martel: Have you seen a copy of the contract?

Mr King: At one point in time I might have seen it. I can't say I know it in detail.

Ms Martel: And Minister, might I ask, have you seen it?

Hon Mr Clement: No, I haven't.

Ms Martel: Is there anyone here today who has seen it, who might be in the room?

Mr King: I think I would ask Allison Stuart to come forward—Allison is the director of hospital programs—and Dr Sandy Nuttal, who is here.

Ms Allison Stuart: If the question is being directed to me, I'm Allison Stuart, director of hospital programs.

Ms Martel: Maybe I can ask, Ms Stuart, do you have anything to add further to what Mr King said in response to my questions about whether or not there were any other bonuses, premiums, guarantees, terms or conditions in the contract which would increase the amount of money paid to the private sector agency?

Ms Stuart: I have nothing to add.

Ms Martel: All right. Minister, if I might, I have some serious concerns with the information that's been provided to the committee. You would be aware that my former colleague Ms Lankin did have an opportunity to see the contract. She was afforded that opportunity by Dr McGowan.

Hon Mr Clement: Yes, I did arrange that. That's right.

Ms Martel: One of our research staff, Mr Charles Campbell, accompanied her to see it. The details we have

been provided with, with respect to the contract, are different than what was provided to this committee. In fact, the notes we have from their being able to view the contract are as follows:

(1) In section 2.6, page 5 of the contract, CCO was guaranteed—guaranteed—that a minimum of 500 cases per year would be referred to the clinic and they would be paid for that. So a minimum of 500 would be paid for regardless of whether or not that many people came through the door.

(2) If the clinic treated more than 500 cases per year, the rate paid per case would increase retroactively to \$3,250. That's at 501 patients.

(3) If the clinic treated more than 750 cases per year, the rate increased retroactively to \$3,500 per case, at 751 cases.

Nowhere in the contract, at least as described to me by Ms Lankin in her notes and by Mr Campbell, does it make any reference to 1,000 cases, and after 1,000 cases getting \$3,500. In fact, the contract details that they saw were far richer than has been described to this committee.

I would like to know what you are going to do to get the correct information before this committee.

Hon Mr Clement: Certainly this committee deserves the correct information. Can I defer to the ministry to respond to your immediate concern, and there might be more responses that are necessary, quite frankly.

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Mr King: We will certainly bring that back to this committee after we do our review. I can't answer—

Hon Mr Clement: We're at a bit of a loss because we don't have the contract in front of us.

Mr King: I'm at a loss because I have not seen what you're referring to and I need to make sure my staff look at that contract. I'm just not aware of this. This is the first time I have heard this.

Ms Martel: May I make a suggestion? Ms Lankin raised this issue in the Legislature in question period before she left in June. At that time, Minister, you said in response that you were quite willing to "supply any information that I have," and she obviously had access to that information as well. Anybody in this House can have the same access. I think the dilemma we have arrived at today is that we don't have similar access. I would appreciate it if you would seriously consider actually making the details of the document public.

Hon Mr Clement: It's not for me to do that, quite frankly, because I'm not a party to the contract, Ms Martel. If you know contract law and the legal framework of this province, it's not for me, as a non-party to the contract, to perhaps go as far as you suggest. What we were able to do with the consent of the parties was to make the contract available on-site for perusal. That was what we were able to arrange in a very commonsensical way. If there are other individuals in the Legislature who wish to avail themselves of the same opportunity that was afforded Ms Lankin, I have no objection to that whatsoever.

Ms Martel: If I might, Minister, I'm not a contract lawyer, but this is public money. There has to be some accountability for this public money.

Hon Mr Clement: Right. And there's a value-for-money audit that is going on right now.

Ms Martel: That's right, thanks to a resolution that came forward from Mrs McLeod.

Hon Mr Clement: A resolution that I agree wholeheartedly with.

Ms Martel: And we may not, even through that process—

Mr John Gerretsen (Kingston and the Islands): It's a quantitative issue here.

Hon Mr Clement: I don't know anything about that. Quite honestly, this was a contract between Cancer Care Ontario and a provider, so I'm quite happy to participate or to ensure, to the best of my ability within the laws of this province, that I can be helpful in any way possible in this regard.

Ms Martel: Minister, I would appreciate that. Again, I have to say in conclusion that it is public money. Your ministry would be providing supplementary funding to Cancer Care Ontario to pay for the terms and conditions of this contract. Part of the argument we have made, which you will disagree with, is that that money would have been better spent in the public system to get the job done. What I am very concerned about is that the information as it now appears, especially the information provided in the responses to us yesterday, makes it appear that the public system is receiving more money per case than is being funded for this private contract. I'd refer you to the details: question number 6 in the information that was tabled with us today. It clearly gives us the situation where per case funding with a bonus is \$4,200 in the regular program and \$3,500 in the after-hours clinic. I would, as you can well appreciate, want to be sure that we have the right financial information—

Hon Mr Clement: I couldn't agree with you more.

Ms Martel: —because I remain unconvinced that this is not costing taxpayers more. I think it is money that should have been allocated to the public system that is already in place.

Hon Mr Clement: Let's get to the bottom of it. You've raised a legitimate question. We've got to get the right answer to it. I agree.

Ms Martel: Thank you. I would appreciate that.

Let me return to some of the issues that were raised yesterday as well, if I might. There was quite a discussion about the international medical graduate assessment program—I hope that I'm naming that correctly—and I'd like to know when that program will be up and running.

Hon Mr Clement: I believe the answer we supplied yesterday was that we were aiming for this fall.

Ms Martel: Then, if it would be this fall, you would probably have most of the terms and conditions or criteria in place for the program at this point?

Hon Mr Clement: Still working that through, I think. Is George here? He can give us a status report. I'm quite

anxious for this program to get rolling, as you can imagine.

Ms Martel: My specific question would be, if at this point you can advise the committee: what would be the expectations of international graduates who are practising in an underserved area? Are you expecting them to serve one year, to serve two? Have definite criteria been set in that regard?

Mr George Zegarac: George Zegarac, executive director for the integrated policy and planning division.

We're currently working with the COFM and the CPSO review committee to look at those return-of-service requirements. It will probably be geared to the amount of training time that we actually subsidize. If they only require six months, we will probably try to tie it to the actual amount of training assistance that we cover for the period—if they require two years. It's part of the discussion that we're currently having.

Ms Martel: And is two years' training the maximum?

Mr Zegarac: Two years is the maximum currently in the program.

Ms Martel: Can you tell me—I apologize if you answered this yesterday—how many applications you have in for this program at this point?

Mr Zegarac: To be honest, the program hasn't actually been designed yet.

Hon Mr Clement: There are two different programs. So are you talking about the one that's already in existence for medical school graduates or are you talking about the one for school graduates in a foreign medical school who have also practised in a foreign environment?

Ms Martel: The second, and I apologize, because I thought MPPs received a package of information about this in June where we could actually refer people to. Is that incorrect?

Mr Zegarac: There are applications that are coming in in terms of notices of intent. I can't give you the number. Those are just to notify us so that once the program design is identified, we can share that information with those individuals so I can identify how many letters we may have received in the future. That's not a problem.

Ms Martel: That would be useful.

I'd like to return to some questions on the CCAC. When we were finishing, it was with respect to a decision that had been made by the Health Services Appeal and Review Board. My question was, at that point, when would a regulation be coming forward to deal with the decision made by the appeal board? I raised that specifically because our own community care access centre had had a meeting with Ministry of Health staff up in Sudbury and was clearly told that a regulation should be ready soon. That was on September 4. Then, Mr King, in response to my question you said that the government was appealing that particular decision. I was quite surprised by that response because it was not the information that was supplied to our CCAC. So can I get some clarification, please, on what the intention is of the government right now with respect to this case?

Mr King: Mary Kardos Burton, the executive director of the division, will speak to that item.

Ms Mary Kardos Burton: Good afternoon. The intention of the government is to put forward an appeal in this situation. However, that doesn't mean that in doing regulations, you could put in a regulation that would prevent this kind of situation happening in the future.

Ms Martel: So are you doing both?

Ms Kardos Burton: We're certainly putting in an appeal in terms of the decision the Health Services Appeal and Review Board made and we'll be looking at whether or not we put in a regulation. I won't commit to saying we're putting in a regulation at this point, but I know we are looking at that.

Hon Mr Clement: In fact, the politicians get to decide whether there's a regulation, so we haven't made that decision yet.

Ms Kardos Burton: That's right.

Ms Martel: In the respect, it would be helpful if that would be conveyed to all the ministry staff. In the briefing note I have from the Manitoulin-Sudbury CCAC it says very clearly, "During a meeting with Peter Armstrong, acting regional director, north region, Ministry of Health and Long-Term Care, on September 4, we raised this issue." That's the board of Manitoulin-Sudbury. "He stated that the Ministry of Health and Long-Term Care is developing a regulation to remedy the situation." They are obviously looking for that because they are concerned about their clients who are in a similar position as Mr Paiano.

Ms Kardos Burton: So we would be looking at developing a regulation and we may recommend it, but certainly I wouldn't commit to saying that we're putting in a regulation.

Ms Martel: Do you have any idea of the timeline for that?

Ms Kardos Burton: No, I don't, but it would be shortly.

Ms Martel: Is the ministry not concerned about cases that might be affected now while an appeal is held, if a regulation does not come forward soon?

Ms Kardos Burton: That's why we would be looking at developing a regulation.

Ms Martel: OK. Can you tell me, whom do you appeal this decision to? Back to the board or to another body?

Ms Kardos Burton: I believe the appeal is to judicial review.

Hon Mr Clement: It's judicial review, so it goes to the divisional court.

Ms Martel: Is it possible for you to tell the committee why the ministry has determined that it's going to move forward with the appeal versus moving forward with actually implementing a long-term-care act?

Hon Mr Clement: It is potentially before the court, but I guess I can say that we are dissatisfied with the reasoning of the ruling. Therefore, we question whether it's the right ruling. That's why you apply for judicial review.

Ms Martel: Wouldn't it make more sense, Minister, to bring forward the long-term-care act so that we can be clear that all the provisions around eligibility are under one statute?

Hon Mr Clement: I think that's a fair point which I have acknowledged publicly in the past, and certainly that's our intention.

Ms Martel: Can we expect that this session?

Hon Mr Clement: I'm not the House leader, so a lot of this is out of my control. But it's certainly on my radar screen.

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Ms Martel: Thank you, Minister.

The Vice-Chair: Mr Wettlaufer.

Mr Wayne Wettlaufer (Kitchener Centre): Thank you, Chair. Do we have a 15-minute round or 20-minute round?

The Vice-Chair: Twenty minutes.

Mr Wettlaufer: Minister, I think it was 1992 when the NDP limited the number of positions in medical schools in the interest of cutting OHIP costs, ie, billing numbers, graduating doctors.

I presume we now agree that was not the position to take, that it was a mistake. Given that understanding, I'm wondering how many positions could be open for foreign-trained doctors if we didn't have the agreement that we do with the College of Physicians and Surgeons?

Hon Mr Clement: I'm not sure I completely understand. How many positions could have been opened if a decision—

Mr Wettlaufer: If we didn't have the agreement with the College of Physicians and Surgeons, and if they didn't have a limit on the number of doctors who can practise.

Hon Mr Clement: Do you want to take a shot at that, George?

Mr Zegarac: Yes. The expert panel put forward a recommendation of 25, looking at the capacity to actually assess these candidates. That's one of the issues we're having to confront. We've increased our enrolment figures by 30%. This is taxing quite a few of our preceptors and clinicians in terms of being able to provide training opportunities.

One of the challenges of having additional candidates—international medical graduates—assessed is that we need to make sure we have the assessors there. The recommendation was 25. We asked, and had their approval, to expand that to 40. We're going to see how the 40 works, and if there's additional capacity to go beyond that, we would certainly entertain doing that.

Mr Wettlaufer: OK. How many medical school students are presently enrolled in the medical schools in Ontario?

Mr Zegarac: I think it's 672, but I can check that figure for you.

Mr Wettlaufer: Is that also taxing the system?

Mr Zegarac: It is taxing the system as we increase the enrolment again next year. It is starting to provide some challenges with regard to getting the clinicians. Again,

part of the training is clinical training, and in underserved areas we are asking the same individuals who are providing clinical services to the public to also assist us in training these individuals. We have to balance that off.

Mr Wettlaufer: OK. Do we know how many foreign-trained doctors are presently taking the test?

Mr Zegarac: I don't, but I can endeavour to see how many may have written it in the past.

Mr Wettlaufer: I asked yesterday about the cost to write the exam. I believe you said it was around \$100. If I made a mistake on that, you can say so.

Mr Zegarac: It was \$500 to write the international medical graduate entrance exam to enter the program.

Mr Wettlaufer: Five hundred?

Mr Zegarac: Five hundred dollars is what I said yesterday, but I also committed to check the figure and get that to the committee.

Mr Wettlaufer: I believe it's more. If we have, let's say, 500 foreign-trained doctors writing that exam, would that be a gross exaggeration?

Mr Zegarac: I would be honest and answer that I don't know what the number would be. I'd have to look at that.

Hon Mr Clement: We'll try to get that to you, Mr Wettlaufer.

Mr Wettlaufer: Are we providing them with a revenue stream through our agreement with the College of Physicians and Surgeons?

Mr Zegarac: Once they enter the international medical graduate program, which we've just enhanced, they actually qualify under the PAIRO agreement and receive salaries from \$45,000 to \$60,000 a year. That is part of the revenue stream they would be using to pay for any further tests they have to write in terms of their medical exams.

Hon Mr Clement: That's direct to the graduate. Are you asking about the graduate or the CPSO?

Mr Wettlaufer: I'm talking about the College of Physicians and Surgeons.

Hon Mr Clement: There's no revenue stream—

Mr Wettlaufer: By allowing them to charge \$500 or more for this exam—I believe it's \$1,000—and it certainly doesn't cost them that much to administer it, are we not providing them with a revenue stream?

Mr Zegarac: Not knowing their cost of administering it, I couldn't answer. That's something we could follow up on.

Hon Mr Clement: You're right. They get to charge whatever the number is: X, \$500 or \$1,000. I guess we have to get that information to you.

Mr Zegarac: It could be that they are.

Hon Mr Clement: You could interpret that as a revenue stream.

Mr Wettlaufer: So it's conceivable that we are allowing a few hundred individuals, foreign-trained doctors, to write this exam at a cost that is far more than the administration fee and only allowing 50 to practise, regardless

of whether all or a large percentage of these foreign-trained doctors would pass the exam?

Mr Zegarac: I think we have to differentiate between international medical grads in our program, who have to get graduate training to qualify to write the exams, and individuals who have already been through a recognized program internationally and could write the exams without the additional training. There are two different strands.

Mr Wettlaufer: OK, let's talk about the second one.

Mr Zegarac: There could be additional costs to the individuals, with the hope, though, that they would get licensed.

Mr Wettlaufer: Yes, but there's a limited number who can practise, regardless of whether they pass the exam.

Mr Zegarac: There's not a limited number. The only restriction is the billing numbers we put forward. We don't limit the number of people who can actually write the exam. We are limiting the number who are getting financial assistance to get the additional training to get them qualified to write the exam.

Mr Wettlaufer: I'm not talking about the limited number who can write the exam. I'm talking about the limited number who can practise, who can pass the exam, regardless of their marks.

Hon Mr Clement: I guess it's safe to say, Mr Wettlaufer, that from a public policy point of view, our interest is in these individuals practising in underserved areas. There might be individuals who are foreign-trained, who have expertise—maybe clinical experience in a foreign land—who want to practise in an over-served area or an area that already has a great number of physicians practising.

Frankly, I have less public policy concern about them than about the ones we are trying to entice to work and set up practices in underserved areas. If, let's say, there's a particular area of Toronto that has a wealth of family physicians or specialists, and another international medical graduate wishes to practise in that area, I don't think that's our public policy concern. Our public policy concern is underserved areas. Does that make sense?

Mr Wettlaufer: Minister, I suggest to you that no matter how many people are writing this exam, there are still only so many who are going to be allowed to practise, regardless of whether their marks are adequate to pass the exam.

Hon Mr Clement: I guess it's because we restrict the billing numbers. You're right, sir, because, as I say, the public policy on the issue is that we want to give billing numbers in areas where there is underservice. It's of less concern to the government to issue billing numbers in overserved areas—you're right—so we restrict the billing numbers.

Mr Wettlaufer: I'm not concerned about the overserved areas. I'm telling you there aren't enough doctors to practise in the underserved areas right now.

Hon Mr Clement: And I would agree with you, which is why we have the new program.

Mr Wettlaufer: But the program is not sufficient.

Hon Mr Clement: OK.

Mr Wettlaufer: I'll get back to it after.

Mr Gerretsen: No, keep going.

Ms Martel: This is one of your own. Holy geez.

Mr John O'Toole (Durham): Minister, with your indulgence, there's a very recent—

Hon Mr Clement: I would say for the record that the expert panel we relied on had a number for international medical graduates, which we have exceeded. If I had a magic wand, I would wave it madly to get more international medical graduates in the system. We, through our consultations and through the expert advice we had, were concerned about the ability of the system to manage the number of graduates who were coming on stream, both by the CPSO and, more importantly, by the system that has to place them in underserved areas, and so on. If we find, after year one or year two, that the system is managing 90 graduates a year rather than the 36 or 24 we had before, then I'll be the first—or, I think, the second—advocate for increasing it above 90. I'd be the first or second to want to do that. I'm not saying no to what you're saying, but we have to walk before we can run, I would put to you.

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Mr O'Toole: My question is of a very specific nature, but it may have a general application. As you know, my riding of Durham is serviced by Lakeridge Health Corp, LHC, and specifically there is an issue currently that has been in the media that is important to me and to my constituents: the commitment the government has made through consultation at the staff level to deal with the full commitment of this government to provide a cancer centre at the Lakeridge Oshawa site by some date in 2003. There seems to be some current oversight or investigation or review. I want this on the record, because it's probably the most important issue, to provide some clarity in that area. It's a very current issue so you may not be fully up to speed, but for the record, I'm meeting with the board this week and I've met with the foundation members. I'm sure you're somewhat familiar with the issue, as they had applied for a very ambitious capital plan, way beyond the scope of the Health Services Restructuring Commission itself, and as such, even their secondary plan—I would like some opportunity to have a response from whoever's managing that capital file, to be able to respond in an intelligent way to public concerns.

Hon Mr Clement: Mr King and Mr Clarry are here. Either can probably answer that question.

Mr King: I will begin. We actually have been working with Lakeridge on their overall project, which also included the cancer centre. In the process, as you well know, the hospitals are looking at 2003. Many of the organizations want to go to 2008 or beyond. So we need to scale back their projects fitting with the commission's direction. Fortunately the cancer care side got caught up in those discussions. We have recently met with Lakeridge and we are pulling out that cancer part to expedite the process on moving ahead on the cancer centre.

Mr O'Toole: You deal with this on an ongoing basis. From the information I've gathered both from the media and from talking to people directly involved administratively, at the foundation level as well, I was trying to—this is perhaps conjecture or opinion. Is it that the design concepts that were brought forward and the way they were phased made it difficult to achieve the end, that is, the cancer centre, without achieving the short-range local agenda? Is that part of—

Mr King: That's a good way to put it.

Mr O'Toole: Who would I want to get my hands on who manipulated this government? I hate to draw this at a personal level. After my review, the concept design was drafted in such a draconian way as to phase it such that we couldn't get to the cancer centre without giving them all the bells and whistles over here. At the end of the day, we as a government committed to expand services closer to patients at home. That was the thrust. The Health Services Restructuring Commission recommendations could be achievable, but there were some other bumps in the road. I need to be comfortable, because in public I am accountable. We're caught in the middle and our ministry's getting blamed for not providing that kind of service. I'm willing to be the inside person who has to live there at the end of the day. Maybe you could help me out here.

Mr Paul Clarry: I'm Paul Clarry, director of capital services with the ministry. The hospital came forward with a proposal to use a construction management style to the capital project that would get them in the ground sooner. One of the reasons for that was precisely because of the urgency to get on with both the cancer centre and some other emergency and critical care issues at the hospital. To that end, the ministry had been working with the hospital on an accountability framework that would ensure priority investments happened in a timely manner. They received an approval for an initial phase of their project, about \$92 million, based on an expected cost for all the work that needed to happen at Oshawa of about \$176 million.

As the hospital proceeded in its construction, and we did further design work with them, the hospital was informing us that they were experiencing significant cost pressure. It is true that as they proceeded with the project, the original concept of a stand-alone cancer centre was overtaken by an interest in putting some medical care floors above the cancer centre. Through their construction management approach, they were working on the design of such a centre when they ran into these cost issues.

I think that's one of the reasons there has perhaps been some slower progress in showing the construction of the cancer centre phase getting started, because as the cost overruns identified themselves in the work of the hospital, we had to stop and find a way to keep the entire project affordable, and at the same time meet the priorities of both the cancer centre and the emergency critical services.

As a result of all that, we too have met with Brian Lemon, the CEO. We have met with the board chair. I have been out to see the building committee myself, personally, and talked to them about how we move ahead. We had the foundation in with us as well as major funders.

We have been working diligently the last several weeks with the hospital on some options for how we can break out the cancer centre project so they can get on with the preparation of the bunkers and the completion of design, and leave the flexibility to carry on with the rest of the capital project. We have some more work to do there.

Mr O'Toole: An excellent response. I will get a copy of Hansard and deliver it on Friday at our meeting.

Just one small follow-up, a very important detail: the foundation has a silent donor who, without some sort of approval, will not commit to the initial seed funding for their major funding drive. That foundation money may be lost because of this delay, which I believe is self-imposed by the inability to bring the project together. That's the key question to this whole piece. They're ready to roll out a fundraising campaign, which is a very ambitious \$40-million to \$50-million deal. It's dependent on this seed money to pump it up to a number they can go to the streets with. Are you aware of this particular decision?

Mr Clarry: Throughout the discussions with the hospitals, we of course always ensure that we have a viable local fundraising plan or funding plan as well as the provincial plan. This has happened in a number of hospitals where they are using phased approaches to their projects. We are aware of the funding issues as they arise. One of the things we look at as we try to stage projects is to ensure we don't jeopardize those important local contributions.

Mr O'Toole: If I may, with the indulgence of the Chair, that local contribution is the important keystone to this piece. Some of their problems are the mixture of capital and operating dollars. It's a very quagmire kind of thing. I'm assured that if you're going to go in and do a financial review of this thing, which could take six months, they're going to lose considerable coin from the key donor. I know that first hand from some important players. All I'm saying to you is, if we're saying, "We're taking it over and here's the delivery date," I think the foundation will release the seed money for the local campaign to begin.

Mr Clarry: We are in fact exchanging letters with the hospital to ensure that we're clear on the priority of the cancer centre. Certainly the ministry has written back or will be writing back to Brian to tell him that the priority is cancer first and foremost, and to carry on, to continue the work to see that the rest of the project rolls out in a way that is affordable to the community, affordable to the province and meets the local priorities from the health care perspective, but also meets commission direction.

The Acting Chair (Mr Frank Mazilli): With that, your time is up, Mr O'Toole. We'll turn it over to the official opposition. Just so that we have some semblance

of order here, can I ask that all questions be directly to the minister and he can then defer to any of the staff members.

Mr Gerretsen: All my questions are directly to the minister, not to any staff member, even though I'm sure they are highly trained and qualified.

Minister, would you agree with me that when the hospital restructuring program was first put forward by your government, it was always done on the theory that there would be community health care available for those people who in effect were displaced or somehow affected as a result of your hospital restructuring program?

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Hon Mr Clement: I think that has always been part of our goal: the best health care available in the community as close to home as possible. That's certainly the philosophy of this government, yes.

Mr Gerretsen: It is under those conditions that Duncan Sinclair took on his task of chairing the Health Services Restructuring Commission. Would you not agree with that?

Hon Mr Clement: As an observer who was not health minister, who wasn't a minister of the crown at the time, I don't know how to answer that question, but I think it's a good supposition. I haven't talked to Mr Sinclair about the terms of his engagement. I have talked to him, though. We had a very good conversation in Kingston.

Mr Gerretsen: Can you explain to me, with all the hospitals you have closed, beds you have closed in chronic care, in acute care, in rehab, in mental health etc, with everything that's been happening, why it is that you are not funding the CCACs in Ontario to at least the same level you funded them last year, not what they budgeted for last year, but what they actually were funded for at the end of the day last year? Why are you not at least funding them to that extent?

Hon Mr Clement: Let me first tackle some of the predication of the question that was actually asked. As you may be aware, previous governments closed beds but kept hospitals open, so you had a whole series, the equivalent of 35 medium-size hospitals closed but still paying for the heat, the light and the administration.

Mr Gerretsen: Minister, my question to you is, why aren't you funding the community care access centres across the province to the same level you funded them for last year? That's the question. I'm not concerned about what other governments did five, 10 or 15 years ago. I'm asking you why you're not funding them to the same level as you did last year.

Hon Mr Clement: I understand your question, Mr Gerretsen. With the greatest respect, your question was posed with a prelude that characterized certain—

Mr Gerretsen: Not a prelude; a fact, sir.

Hon Mr Clement: I guess we're going to have to agree to disagree as reasonable people. Perhaps my staff here can talk about the funding levels for CCACs.

Mr King: The CCAC arrangement was that we would fund—basically we are funding them at that last year's level. It is a zero increase.

Mr Gerretsen: At last year's actual monetary level?

Mr King: As I mentioned to you before, some of the CCACs were having some trouble. We took from some and reallocated the dollars. That was not a permanent arrangement. Everyone knew it was a one-time arrangement. So we are in fact funding them at the same level as last year. The difference is that at the end of the year there were a few CCACs we gave some help to, as a one-time thing, but we also took away from others to help those.

When we started off this year, we said, "We will fund at your start of the year." So really we're funding at the same level.

Mr Gerretsen: Are you saying that the CCAC, for example, in Kingston, Frontenac, Lennox and Addington is getting the same amount of money that it actually got last year?

Mr King: They are getting the same budgeted amount of money—

Mr Gerretsen: No, not budgeted. The actual amount that was spent there last year was something a little bit less than \$27 million, and you gave them \$25 million this year. I'm not concerned about the budget. I'm concerned about how much you actually gave them last year.

Hon Mr Clement: Mr Gerretsen, let me reiterate what Mr King said because I think it bears repeating. There were one-time arrangements made with certain CCACs to get them through what we considered to be a tough spot. At no time did we intimate and at no time was it ever suggested to them or did they agree with us in terms of the terms of those transactions that that becomes part of their base budget.

You cannot compare apples to oranges. You have to compare apples to apples. In this case you compare base budgets.

Mr Gerretsen: I am comparing apples to apples, Minister. This particular CCAC is getting \$2 million less money than it got last year.

Hon Mr Clement: I would encourage you to compare the base budget to base budget because that's how we budget in this province.

I know you're very emotional today. I'm not sure why, but I can assure you that when you compare base budget to base budget, there have been no cuts.

Mr Gerretsen: I'm emotional because when I ask a minister a question I expect a definite answer. If you spent \$27 million last year—

Hon Mr Clement: Mr Gerretsen, I certainly have been endeavouring to give definite answers, but I have to ensure that the prelude or the preface to the question is accurate.

Mr Gerretsen: Can't you answer to why you're not spending \$27 million there this year?

Hon Mr Clement: In many cases there are inaccuracies creeping in. I apologize. I'm not suggesting it's intentional by any stretch, but I do feel it's my place to correct inaccuracies.

Mr Gerretsen: As you know, the CCAC has taken out an advertisement in which basically they're saying

they can no longer take any cases for the next six weeks. This has caused a problem at the Kingston General Hospital to the extent that 33 beds are taken up by individuals who under normal circumstances, if adequate funding had been made available to the CCAC, would be taken care of under a community home health care program. That's not happening right now. Do you think that's the proper way to go about it?

Hon Mr Clement: I think I can tell you that Kingston is very similar to other CCACs in that their budgets have increased year upon year. I don't have the figures before me for Kingston, but I have been advised in previous statements that their budget has been increased quite substantially.

Mr Gerretsen: Their budget has increased, according to your own associate minister, by 20% since 1994-95, when the entire system has increased by 70% during that same period of time, according to your own figures that you filed today. So they haven't done as well as the other CCACs across the province. Provincially the system has gone up by 70% in documents you filed today, and according to what your associate minister said in the House just last week, the Kingston CCAC is 20%

Hon Mr Clement: Is 22.7% what the total was?

Mr Gerretsen: No, she said 20%. If it's 22.7%, then I'll accept that, but that's not the figure she gave in the House. It's inaccurate, then.

Hon Mr Clement: That's quite an increase, Mr Gerretsen. In many cases there are—

Mr Gerretsen: You think that's quite an increase in light of the fact that you've closed one hospital and you've closed beds in three major areas of hospital care?

Hon Mr Clement: If you want to get back to hospital funding, at no time in the province's history has there been more hospital funding, and that's as true for eastern Ontario as it is for every other region of Ontario. I can assure you that when it comes to hospital funding and making sure that the funding actually gets to patient-centred care, our government's commitment has been second to none. I agree with you that home care is part of the solution as well. That's why, across the province, home care funding has increased by 72% since 1994-95.

Mr Gerretsen: Your model, sir, is denying people from entering the hospital in Kingston right now.

Hon Mr Clement: I'm sorry, is that a question, sir?

Mr Gerretsen: That's a statement, in the same way you're making a statement.

Hon Mr Clement: I would disagree with your statement, sir.

Mr Gerretsen: I'll now turn it over to Mrs Papatello.

Mrs Sandra Papatello (Windsor West): I want to chat with the minister about other CCACs as well. They are all facing deficits. This is just some of them. For the Kitchener-Waterloo CCAC, I want to bring the \$12.7-million deficit to your attention. The difficulty we're having with all the CCACs is that in the response you tabled today, you're boasting about how much it's increasing, but what I asked yesterday was specifically how the increases correlate to the amount of cuts in the

hospitals in those same regions. We also talked about the underserved nature of those communities, so for example, talking about community health centres, how does funding of community health services improve it at all, in the same area that's wildly underserved by doctors, given the very community its in?

Likewise with community care access centres. In the Kitchener-Waterloo area, they're facing a \$12.7-million deficit. Irrespective of how you talk about increases, if the demands are going up wildly, the demands are obviously going up more than what you are funding and what the guarantee was in the restructuring of the health system. Your commission was called the Health Services Restructuring Commission—not hospital restructuring, but health. That meant the whole system was going to shift and you guaranteed as a government that the community would find the investment before the services were cut from other institutions like hospitals. That is not what has in fact happened. Even though you're showing increases to CCACs on paper, the demand has gone up exponentially, much greater in terms of what has to be provided now by a CCAC that used to be provided in a much more expensive fashion by hospitals.

Even though you're showing an increase in the funding levels over the last several years, you've changed the mandate of CCACs. What used to be a very simple home care program that used to keep the elderly in their homes for longer, living independently, by providing some housecleaning or some personal grooming items—it used to be the thing that saved them from going into a long-term-care facility. We now must completely rely on CCAC services to include the lion's share, which is nursing service.

You brought that in when you created CCACs. When you did that, when you mandated utilization levels of hospitals to drop dramatically in a very short period of time, there was nowhere for these people to go other than in their home communities, and you guaranteed those home communities would make nursing services available.

The minister is probably aware that last year there were several CCACs that actually turned back a surplus. How can that be in the face of all the deficits this year? We called these places—

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Hon Mr Clement: Do you want us to answer that question?

Mrs Papatello: I'm going to tell the minister because he probably doesn't get all the detailing now.

Hon Mr Clement: Any time you want me to jump in and answer any questions—

Mrs Papatello: The whole of the CCACs have been turned over to Helen Johns, and Helen Johns, as of Friday, didn't know what her job was going to be, so we're having a little trouble. In fact today we addressed the Premier with the CCAC issue because I understand it may not even be in your bailiwick.

In any event, these surpluses were turned back because these providers could not provide the service

because the nursing shortages in these communities were so dramatic. It has failed at every step. The demands have increased and far outstripped what you've been prepared to fund, given that you've mandated the changes that the CCACs must now accommodate. How do you address Kitchener-Waterloo, whose local MPPs are well on side with the CCACs in knowing that they're not able to provide those services and that funding is required?

Hon Mr Clement: I can tell you for the record—

The Acting Chair: Minister, if I can just interject for a second because the format seems to have changed and we have some long statements, if you don't feel there's been a particular question, you can certainly wait until one does come.

Hon Mr Clement: I was just going to jump right in with the opportunity there. I can state for the record that Waterloo region started out in 1994-95 getting \$22.1 million worth of funding; by 2001-02 their annualized budget was \$40.7 million, which is an 82.9% increase in their funding.

Mrs Papatello: Yes, but I'm asking about the \$12.7-million deficit. That's a deficit of \$12.7 million.

Hon Mr Clement: If there is a concern in Waterloo—I have met with that particular CCAC, by the way. We met in very emotional circumstances. It was actually on September 11 at 10:30 in the morning that we met, so you can imagine that our minds were slightly elsewhere, but we followed through with the meeting because it was important to the community. Certainly their particular point of view was taken in by myself and by Mrs Witmer, who was also available at the meeting.

Mrs Papatello: Let me ask you about Niagara's \$9.4 million because that's probably fairly substantial as a deficit. The local MPPs from Niagara are also well aware of the significant deficit of the CCAC. Perhaps you could ignore what funding levels preceded 1998 or 1999 and talk about the increase in demand, which is the question I placed on the table yesterday—the level of demand, the number of families, the types of service now required in the Niagara region that has caused the deficit of \$9.4 million. How do you address the Niagara MPPs who are facing a \$9.4-million deficit?

Hon Mr Clement: I can tell this committee that in 1994-95 Niagara received \$21,254,306.

Mrs Papatello: No. Do you realize what he's doing, Chair?

The Acting Chair: You've asked the question and I will certainly give the minister—

Hon Mr Clement: Last year it was \$48,518,103, which is a 128.3% increase. So certainly from our perspective—

Mrs Papatello: Minister, are you going to ignore that the demand far outstrips what you're funding, because in each answer so far—

Hon Mr Clement: No, I think we've certainly been attempting to meet that demand, and I think the numbers I have been explaining to this committee are evidence of that.

Mrs Papatello: Why would Niagara be in a deficit position? What is the deficit, then? Why would Niagara have a deficit?

Hon Mr Clement: I guess that's the kind of question we like to go into detail about with the providers we fund. Sometimes there are a lot of issues. Demand can be part of it and managerial decisions can be part of it. If they need some help, for instance, like Hamilton, which needed a little bit of help to get back on track in terms of their management, we went in and helped them with that. There are cases where we do that. To make sure the home care patients receive the best quality care, there were some changes made in Hamilton today where the supervisor who was sent in by this government was able to reduce the administrative staff and increase the front-line staff. That's the kind of thing I think is very positive in Hamilton, and maybe that's the same case in Niagara. I wouldn't want to speculate, but that is something Minister Johns could look at.

Mrs Papatello: What is the reason for the deficit in York region? Is it also mismanagement in York? Are you also suggesting that mismanagement in York accounts for the \$12-million deficit this year?

Hon Mr Clement: York went from \$16,946,252 in 1994-95 to \$51,162,395 in 2001-02, which is a 201.9% increase.

Mrs Papatello: I'm talking about this year's deficit of \$12 million. Are you considering that's mismanagement as well?

The Acting Chair: Come to order.

Mrs Papatello: He may as well be talking about something on the moon as far as answering our questions are concerned, Chair.

Minister, I have to tell you, on the record, that you may as well be talking about a crater on the moon as answering the questions being put before you at committee. It's very frustrating.

The Premier today in the House was so glib and so arrogant on some really serious issues. I don't know if you get to meet the people who actually receive the service, but they can't stand this kind of answer. You need to answer the question.

I asked you specifically about what causes the deficit, and I want you to answer the question about service.

Hon Mr Clement: Mrs Papatello, I wanted to provide a context for the question. I can assure you, as a member of provincial Parliament, that I meet with my constituents on a regular basis, including those who receive home care—

Mrs Papatello: Why would all of these areas—God—

Hon Mr Clement: —and they deserve excellent, quality service in an accountable and sustainable manner. That's what this government is all about.

Mrs Papatello: Unabashedly, this government has moved forward in health service restructuring. You are responsible for the outcome, and you are now abdicating your responsibility by throwing it on the management of local CCACs. That is what's happening across the board.

You have regions—York, \$12 million; Simcoe, \$7 million.

I read a letter in the House today from the MPP from Simcoe, who copied his neighbouring MPPs, who said you must increase funding. He didn't talk about the mismanagement of the local CCAC; in fact, he said if the management is having trouble, then you get in there and audit them. If you haven't done so, you'd better increase the funding. He said specifically, "You give them \$42.7 million," which is exactly what they asked for. That's coming from your side of the House, Minister, not our side. This is not some kind of fantasy; this is very practical.

I'm assuming that Joe Tascona, who has met with the local CCACs, has gone into very great detail in determining the needs in the Simcoe area, and you are completely ignoring the question by coming in here and reading budget levels from pre-five years ago, when the mandate of the organization didn't even exist as it does today. It's not a fair answer. It's not the kind of behaviour I expect from a minister of the crown in such an important area.

I've got another question for you, which was tabled yesterday, about long-term-care facilities. I asked you specifically how you come to the \$2.60 increase in funding per diem when the request by the industry was \$25? The answer that was tabled is that it was a working group that involved the various stakeholders that worked on funding issues for the LTC sector. I take it from that answer that this working group came up with the \$2.60.

Hon Mr Clement: I'd be happy to answer that question.

Mrs Papatello: Minister, that working group asked you very specifically for a \$13 increase, and your answer to them was \$2.60.

Hon Mr Clement: There has been an expectation—and I think a legitimate expectation—by the deliverers of long-term care that operating funds would be modernized and improved over time in a multi-year framework. The budget was able to provide the start of a multi-year process when it comes to increasing operating funding. The budget for this year meant a \$30-million increase in per diems. Next year it's up to \$60 million.

So we went to the stakeholders—the operators, ONAS, the long-term-care association and ourselves—with us obviously at the table, saying, "This is the money as part of the multi-year commitment to date. It's part of our budget. It's part of our commitment this year and next year. How can we divide that in a way that is fair to the operators?" The operators and their associations were quite forthcoming and appreciative that the process has started.

I am aware, and they are aware, that the process doesn't end this year. I can say that for the record.

Mrs Papatello: How many years is "multi-year"? What does "multi-year" mean?

Hon Mr Clement: It means more than one year.

Mrs Papatello: How many is multi-year? A 10-year plan, 15?

Hon Mr Clement: That's certainly up to the Ministry of Finance and to government objectives, but it means more than one year, certainly.

Mrs Papatello: I just wanted to see what we're dealing with, with long-term-care facilities.

Hon Mr Clement: The operators know that. They're aware it can't all be solved in one year, that it will take several years. They want to work with us to make sure the way that money is divvied up is fair and provides for the best care. That's the kind of arrangement we arrived at.

Mrs Papatello: Could you just confirm, then, that you were asked by the working group for \$13, and what you came back to them with was \$2.60?

Hon Mr Clement: I wouldn't characterize it that way, Mrs Papatello. I would say that they came to us and said there has to be a multi-year solution to this. We said, "We agree. The budget for this year has given us an indication that there's \$30 million for operating next year and another \$60 million growing from \$30 million. Can we at least sort out how best to allocate those monies and work toward a multi-year solution that reaches levels we can agree to?" I think that's the correct characterization of what happened.

The Acting Chair: With that, your time has expired. We'll move to the next 20 minutes.

Ms Martel: I wonder, Minister, if you might table for the committee the list of CCACs that had money taken away and reallocated, and the value of that reallocation in the case of each of those CCACs.

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Mr King: Could I have clarification on that again? You're saying "taken away." It was actual reallocation of a one-time nature last year. So you would like those who had a reallocation?

Hon Mr Clement: Had a surplus, or was reallocated?

Ms Martel: Yes. In response to previous questions, as I understood it, you said there were some that had money taken away—if that was the wrong terminology, I apologize—and reallocated to others who were running deficits.

Hon Mr Clement: Yes. So the surplus was reallocated to the ones in need. That's right.

Ms Martel: If you could provide the list of the CCACs in question and the value of the money in each case, that would be helpful.

I want to continue to ask some questions about Cancer Care Ontario, not with respect to the contract but with respect to its future direction. Minister, earlier this spring you established a committee to look at the future role of Cancer Care Ontario, and I am concerned that where this is heading is to integrate the cancer care centres into the host hospitals. I say that because we had a situation like that in our community early on, when I was first elected, and there was great difficulty with respect to cancer services and funding being appropriately allocated to the same from the host hospital. I don't want to go back there. That's why I very much like the current structure

that we have, where there are very clear divisions—very clear divisions of responsibility, funding etc.

Could you tell me, please, what you see this committee doing, and is it the position of the government that where you want this to end up is indeed having cancer services under the jurisdiction of the host hospitals?

The Acting Chair: Minister, before you start answering that, could I ask members—Ms Martel was very polite during other people's 20 minutes and other parties' 20 minutes. If I could ask the same indulgence both from the government and the Liberal sides to respect her 20 minutes and allow her so that we can all hear.

Hon Mr Clement: Thank you, Chair. In the spring, in June I suppose, we did appoint Dr Alan Hudson, who is a noted administrator and specialist, to review the progress made by Cancer Care Ontario and cancer care in Ontario in the context that when Cancer Care Ontario was first created, one of the goals was the appropriate and proper integration of services with hospitals and other providers. So that was a goal that was endorsed by Cancer Care Ontario, by its board of directors, almost at the beginning, as I understand it, of Cancer Care Ontario. So I have not made any conclusions. I gave Dr Hudson complete ambit to consult with stakeholders, to consult with the public, to arrive at conclusions and then transmit those conclusions to the government. I have not been privy to those conclusions yet—he is still working on it—and therefore I still have an open mind until those conclusions arrive.

Ms Martel: Are you aware, Minister, of some recent comments that were made by Graham Scott, former deputy, who is the interim chief at CCO now, in a submission to the same committee whereby he very clearly said that gutting its powers now could significantly disrupt cancer care, including creating variations in treatment standards? Are you aware of that, and what is your response to that concern from the individual who now heads up cancer services in the province?

Hon Mr Clement: I am certainly aware of his comments and I can state for the record that our intention is to ensure that cancer care services are approved in this province. That is our motive, so that's how we will judge whatever recommendations come forward.

Ms Martel: Are you concerned at all, Minister, of the fear that is out there that in fact the cancer service agency would end up competing for money with the host hospital, which is a problem we ran into in Sudbury some years ago?

Hon Mr Clement: Again, I don't know how to answer that. I can tell you that we have an expert review with Dr Alan Hudson. He has a firm mandate to improve cancer services by whatever structures he recommends, and I'll take his advice seriously, certainly.

Ms Martel: Is it your intention, Minister, to make public the submissions that are being made to the committee?

Hon Mr Clement: As I say, I'm trying to keep at arm's length from it. So it's up to Dr Hudson, who will present a report, and I would be shocked—I can make

this undertaking: that the report, once it's prepared, will be available to the public for their consideration as well...

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(Mr Clement)

... the report, once it's prepared, will be available to the public for their consideration as well.

Ms Martel: What is the timeline for completion of the work by the committee? I'm sure it's in the terms of reference, which I don't have. I apologize.

Hon Mr Clement: I did not wish to hamstring Dr Hudson. He indicated that in the fall of this year he would be able to complete his work. I did not want to give a firm date, because if he wants to take an extra few days or few weeks to cross every t and dot every i, then that would be fine by me. I expect that certainly this fall we will have his recommendations.

Ms Martel: Is your staff involved at all in the organization of the committee; ie, ensuring that people who want to make public presentations have an opportunity to do so, that there is enough time for them to provide appropriate submissions etc, so that all the views are canvassed?

Hon Mr Clement: I don't think so, but maybe I'm—

Mr King: There is a staff member who works with Dr Hudson on the organization of that, but just follows that direction. It's whatever the committee has determined as far as public hearings and that type of thing are concerned. Dr Hudson is really responsible for the project, with his steering committee, the implementation team.

Ms Martel: Mr King, can you tell the committee how many opportunities for public presentations have been afforded at this point? Do you have that information?

Mr King: Again, this is not a ministry project. Dr Hudson is leading this. I don't know how many public hearings and I don't know the schedule of public hearings.

Ms Martel: I appreciate that it's not a ministry project, but if I might, your ministry funds cancer services in the province. Surely that would mean you would have some ongoing and important role in determining how the future organization, a CCO, is going to look. It's not just a question of letting this committee do whatever they want, being on the sidelines and not being involved. This is a serious issue. If we are going to make a fundamental change of integrating budget and governance back into the host hospital, that represents a fundamental change from what we have in place now. Surely you, the minister, the ministry, would want to know that people had their say about that.

Hon Mr Clement: As I say, I feel we have a process that will collect a lot of opinion and information that have been available for a long time. As I said earlier, Ms Martel, this is not a new issue. This was part of the foundation of CCO in the first place. We're quite anxious to see this issue resolved in the absolutely best possible manner for the patients who rely on CCO. From my perspective, that's what we're doing.

Ms Martel: Would you undertake then to provide the committee with information regarding the opportunities for public presentation; ie, if there is a schedule that exists and which communities the committee is going to and hearing from?

Hon Mr Clement: I think he's already done a lot of that kind of activity. I can certainly provide you with Dr Hudson's telephone number if you wish to talk to him personally, but I'm not going to direct the committee from on high. I'm not going to do that.

Ms Martel: Minister, I think you misunderstood me. I asked if you would provide the committee with the list of communities where there have been presentations or opportunities for presentations to be available.

Hon Mr Clement: My apologies.

Ms Martel: I would like to know what the schedule of presentations has been thus far and what it will be for the rest of the fall. If there is a list of people who would have liked to be heard but couldn't be, that would be helpful as well. That's what I am asking for.

Hon Mr Clement: I would certainly provide whatever information we have available.

Ms Martel: Let me ask some questions about community health centres. I was interested, Minister, in your response to your colleague Mr Miller yesterday when you referenced community health centres. I believe I heard you say there hasn't really been an expansion because you have been waiting for the outcome of the review of the primary care projects and how they would be integrated with community health centres. I thought that was a bit strange in terms of a response, because my understanding is that essentially the budget for community health centres has been frozen since your government was elected in 1995.

I'm wondering if you can begin by giving me an indication of what the budget for CCACs has been—

Hon Mr Clement: CHCs.

1650

Ms Martel: CHCs, sorry—since 1995 and what community health centres were expanded during that time.

Hon Mr Clement: Mary Kardos Burton can give us some of the numbers.

Ms Kardos Burton: For the community health centre program the budget is \$100 million projected for 2001-02. There are, as you know, 56 community health centres and then 10 additional ones. There have been only three centres where there has been any additional funding over the last few years. The reason for that, as the minister mentioned, is that we were engaged in a strategic review the past few months. Actually, it started in December-January and we've completed that.

The reason for the review was that we got a number of requests in from communities asking for health centres. But in looking at primary care reform and the family health networks, we wanted to do a review to see what role community health centres would play in the networks. So the strategic review is in, and we're considering that review in the context of the future.

Ms Martel: Let me ask some questions. When were the three community health centres expanded?

Ms Kardos Burton: It was Cryslar and Grand Bend within the two years. Do you have the exact date? I don't have the exact date.

Ms Martel: And what happened from 1995 until two years ago? Were there any community health centres expanded in the province?

Ms Kardos Burton: Not to my knowledge. I can verify that.

Ms Martel: And the review itself in fact only started about three months ago?

Ms Kardos Burton: Yes.

Ms Martel: So it's a little difficult to blame the review process on a lack of expansion of CCACs?

Ms Kardos Burton: You mean CHCs, community health centres.

No, but I think the main reason was that primary care reform has been talked about for a long time. I think we have to look at what role community health centres play. There's no question that there have been a lot of requests for community health centres in a number of communities. But I think it was a positive thing to do a review and then to try to figure out how it does fit into the family health networks, or not.

Ms Martel: I'm not disputing the importance of the review. What I was questioning was essentially the government's commitment to CHCs because there have been many applications in to this government from the moment they were elected. The government chose not to expand any CHCs until, as you said, 1998, and then there hadn't been anything until that point. The review is important, but it only began three months ago, and much of it, as I understand it, was promoted as a result of the Provincial Auditor's report last year.

Hon Mr Clement: I would like to put my oar in the water on this. I feel very strongly that defining the appropriate role for CHCs is important as we move forward on family health networks. I wasn't even aware of the auditor's side of this. But as the minister I feel very strongly that we have to know in which communities community health centres make the most sense, in which communities we can go ahead with our family health networks and how the two intersect. I think that's a very important public policy issue so that we have seamless available service 24 hours a day, 7 days a week for our population when it comes to primary care. That's the motive for the review.

Ms Martel: I appreciate that answer, Minister. My concern has been that we have gone through a period where we had enormous doctor shortages in many of our communities. Many of the communities that are experiencing the greatest shortages also have an application in or have been working on CHCs. My community is one of them. There has been little effort to recognize the importance of CHCs in dealing with recruitment and retention. I would encourage the government to look again at the value of CHCs even in that regard, far beyond their value in terms of health promotion and illness prevention, the

fact that all the staff are paid on salary etc. I think a valuable opportunity to deal with some of the doctor crises could have been alleviated if the ministry had taken the freeze off this budget, and there has been a freeze, Minister.

Hon Mr Clement: Let me just say this, though. You talk about CHCs and having doctors and other health professionals on salary. Well, if you look at the remuneration and capitation program for family health networks, it involves salary. You look at how CHCs in effect roster health professionals and make sure there's 24-hour-a-day coverage. That's exactly what family health networks are intending to do. So you can see, there's a policy intersection between primary care reform and community health centres. We really do have to know what the future role is of community health centres, where they can be put to the best use and how that intersects with the massive expansion of family health networks, primary care reform, that this government has committed itself to.

Ms Martel: Minister, if I understood you correctly yesterday, you said you were briefed on this about two weeks ago. The review is in to you now, as I understand it?

Hon Mr Clement: No, I did not.

Ms Martel: My apologies. I thought you said yesterday you'd been briefed. The review is complete and in?

Ms Kardos Burton: The review is completed. We have the report at a staff level. We're briefing senior management on it. We're going the process of briefing. I do not believe that the minister has it in his hands at the present time.

Hon Mr Clement: I haven't seen it.

Ms Martel: My apologies. Does the report go so far as to indicate potential costs of new sites to be set up, or is it strictly a review that deals with the intersection between the two?

Ms Kardos Burton: Without any decision being made in terms of the report, I think what I've done at a staff level publicly is only talk about the themes, because there's been no decision made about the final outcome of the report. It talks about possible scenarios in terms of family health networks and how community health centres can fit in, or not.

Ms Martel: Thank you. The proposal that was submitted to the ministry in October 2000 from the Association of Ontario Health Centres, talking about an expansion in the number of health centres, (a) renovations to current ones, (b) new ones: where is that project at this point? Is that waiting until the decision about—

Ms Kardos Burton: That's being considered at the same time. I should say that the Association of Health Centres was on the executive steering committee for the report, so we have been working with them.

Hon Mr Clement: I believe I did meet with them.

Ms Kardos Burton: Yes, you did.

Hon Mr Clement: I did have a face-to-face with them and they were able to get their message across to me.

Ms Martel: Can you give me some kind of timeline? Are you working with a deadline in terms of having some

recommendations coming forward to the minister on this issue?

Ms Kardos Burton: Yes, we are working on our internal deadline, but I'd prefer to say that we're trying to do it as soon as possible. Whenever a report is received, there is always some need to at least have some sort of plan fairly shortly after it's received. So we are working on our internal deadlines.

Ms Martel: Then let me ask a specific question about the Sudbury community health centre, which is a franco-phone health centre. I'm wondering then if it is tied up in this process. There is an existing community health centre in our community. They were told in October 1995 that they would have \$2 million in capital for a primary site and a satellite site. They were authorized by the former minister to put in a proposal last fall and that proposal went into your ministry in May of this year. They are waiting to hear whether or not they will be approved so that they can actually expand the services in two communities in my riding which are now under-served. Can you tell me whether or not that is now caught up in this review or if that application will actually be considered?

Ms Kardos Burton: I know we have not been approving applications, but I can't tell you the specifics on that one.

Mr Norm Miller (Parry Sound-Muskoka): First of all I'd like comment on CCACs as they relate to my riding of Parry Sound-Muskoka and point out that in the west Parry Sound side of my riding there's a CCAC operating, one of two in the province run by a hospital, and that CCAC has never had a deficit and isn't planning one for this year. We've heard a lot of talk about deficits, but I'd just like to point that out. If CCACs are being reviewed, I certainly hope that the operations of that CCAC are looked at because it seems to be doing a good job.

Hon Mr Clement: Sure.

Mr Miller: Also on that subject, on the weekend I spoke with a ratepayers' group, some of whom were seniors and had been using the CCAC, and I had a few questions on CCACs. One of the comments from the seniors who used the service was that it had been excellent but there was no cut-off point to it. In fact, the provider of the service was encouraging them to continue to use it even though they had finished needing the service. That might also be something you might want to look at.

1700

If you look at the budget here, \$24.4 billion on a cash basis for 2001-02 is record spending on health care. The numbers I have heard are that in 1995, 38 cents on the program dollar was spent on health care and now it's 45 cents. If we continue increasing spending at the same rate we are right now, it's going to be 60 cents on the program dollar in five years.

We've certainly heard lots of demand for various services that people want. What long-term plans are there to manage future increases while at the same time meeting the expectations and health demands of the public?

Hon Mr Clement: That used to be a \$64 question. If you add it all up, it might be a \$64-billion question. But I think you're quite right: we've got a number of things that are driving health care funding issues in Ontario. Part of it is health care inflation. There is inflation in health care provision just as there is inflation in all aspects of our lives. It tends to be a point or two higher than the general inflation rate, so inflation takes its toll.

Then you've got population growth. We are a successful province. We attract people. They want to live here; they want to work here; they want to raise their families here. That's all a good thing. All of that is good. However, one of the costs of it is that at some point they'll be using the health care system.

The third aspect of it is what I call utilization. Every time there's a new wonder drug, every time there's a magnificent, new medical technology, people want access to it and they want it now. We live in what I call the 30-minutes-or-free society. People have high expectations for their private services and transpose that, quite rightly, on to their public services, and that drives growth in the health care budget.

Finally, you've got demography. We are not only a growing population, but we're an aging population. Between now and the year 2015, the number of persons 65 years of age and older in the province of Ontario will double from 12% of the population to 24% of the population. It's a statistical fact, and intuitively it makes sense that those who are 65 and older, that age cohort, represents close to 50% of our health care spending. Consequently, that will drive a lot of demand as well.

The combination of those four factors, plus the decline over time that will occur in federal funding of health care in Ontario and indeed throughout Canada—at the present rate of commitment by the federal government, it will decline slowly over time from 14 cents of every dollar spent on health care, over the next five years, down to 12 or 11 cents or thereabouts. Combine that with the four factors I mentioned and you certainly have a sustainability challenge.

Incidentally, this has been recognized, not just by myself or by Premier Harris or the government caucus; it's been recognized by Allan Rock, my federal counterpart, who said that the current system is not sustainable, that it needs some new, creative thinking. His boss, Jean Chrétien, appointed Roy Romanow, a former NDP Premier of Saskatchewan, with the mandate to review the future sustainability of medicare in Canada. One of the first statements out of Mr Romanow's mouth was that the current system is not sustainable and it needs creative thinking to ensure it is there for future generations.

I think you hit the nail on the head, and part of what we've tried to do is get Ontarians to speak their minds through the questionnaire that was released over the summer. We are still tabulating the results, but I read another 100 or so of them personally today and got a sense of what they like about the current health care system, what their aspirations are for the future of our health care system and what their priorities are. We'll

continue to tabulate those results and, of course, add that to our deliberations as a caucus and as a government.

Mr Miller: Can you explain the decline in federal funding you were speaking about? Currently they are funding 14 cents on the dollar, and you say it's going to decline to 12 cents. How is that occurring?

Hon Mr Clement: You may recall that last year the first ministers, the Premier and the Prime Minister came to an understanding on future levels of health care funding by the federal government. That understanding has given us the present situation, where the federal government is responsible, in Ontario at least, for about 14 cents of every dollar that is spent on health care. There are a huge number of areas of health care spending that are not covered by the Canada Health Act but that in fact are covered by the province of Ontario, and covered much more substantially in Ontario than in any other province.

Aside from that statement, let me say that funding for drug benefit programs is 100% covered by the province; funding for home care, CCACs and community care is 100% covered by the province—those are just two major examples; funding for other practitioners like chiropractors and physiotherapists and so on is 100% covered by the province and not covered by the federal government.

If you analyze the understanding that was reached, the money available from the federal government peaks, I believe next year or the year after, and then starts declining again. So as a percentage of total expenditures, which always increase—as you know, in the last six years the health care budget has increased every single year. When you look at the federal contribution compared to the projections of the increase in health care spending, that's where I get the declining total, declining over time, if you look at a five-year horizon, to about 12 cents on the dollar in the near future.

Mr Miller: How much funding do you think the federal government should be contributing to Ontario's health system?

Hon Mr Clement: Premier Harris has said, and it was endorsed by all the Premiers, that in the first instance certainly the federal government should seek to get their funding back up to the 1994 levels of funding, which was 18 cents on the dollar. That was the level of funding. If you looked at the health care spending in Canada and compared it to the federal transfer of monies, it was 18 cents on the dollar. All the Premiers in Victoria in August, through their communiqué, indicated they wished to initiate a dialogue with the federal government to get back to 18 cents on the dollar as a starting point. Thereafter we wanted to get back to the initial fundamental principle of the Canada Health Act, which was an understanding that national standards were important for health care delivery in Canada, but the quid pro quo for that was that the federal government was responsible for 50% of the funding and the provinces were responsible for the other 50%.

When you get down to 14 cents on the dollar, we're very far away from 50-50. We at least suggested, trying to be fair and reasonable, that rather than trying to make up for past history, any additional dollars that are spent should be divvied up 50-50 by the federal and provincial governments. That's the position of the Ontario government, which was endorsed by all the Premiers and territorial leaders.

Mr Miller: Accountability is certainly a very important subject, especially with the \$24.4 billion we're spending on the health system. Are we doing any value-for-money audits on any of the hospitals in the province at this time?

Hon Mr Clement: Yes. That's an ongoing operation. Every year, hospitals submit operating plans. When we review those plans, it could be seen in the context of a value-for-money audit. We review how they operate, where they spend their dollars and what sort of clinical outcomes are expected for the spending of those dollars, because really this is about outcomes. Dollars and cents are very interesting, and we have an obligation to the taxpayers in that regard. But the real issue is getting the best outcomes from our hospitals and other health care providers.

With respect to our hospitals, we do go through that process of reviewing operating plans. In some cases a full-scale operation review is required. Ms Martel and I were discussing that in the Sudbury case yesterday. In some cases—in extreme cases, of course, such as the Ottawa Hospital—there is a need for more direct supervision and thereby a turnaround plan which is embarked upon after consultation with the ministry. That's very much a part of how we do things.

Having said that, I think there's more we can do. Certainly, we have signalled through our most recent throne speech in the spring that the province should expect accountability from all health care providers for the money that is spent to ensure that it produces the best clinical outcomes money can buy. That should be our goal. As we work through the implications of that, I think you can expect more initiatives in the future.

1710

Mr Miller: Certainly, getting the best outcome is an excellent goal.

Last year, the Ontario government was the first jurisdiction in North America to launch a flu campaign. What are the government's plans for the flu campaign this year and how did the program work in the past year?

Hon Mr Clement: It's a \$44-million or \$45-million initiative of the province. It was very successful last year. What we're doing this year is expanding it. We've got a lot more workplace partners so there are a lot more venues for the influenza vaccination to be available, not only in schools, nursing homes, fire halls and other institutions but also in the workplace. So we've really expanded that aspect of the program.

I'm very proud of this statistic: the results from last year's flu campaign are incontrovertible. One of the numbers I remember, because it was most poignant to

me, was that the incidence of influenza last year in our nursing homes declined by 97%. So you can talk all you want about strains of influenza, but I am absolutely convinced you can directly connect that number to our very aggressive influenza vaccination campaign.

So we're expanding it this year. It is the most comprehensive program in North America. The World Health Organization has expressed a great deal of interest in Ontario as a jurisdiction that's leading the way in this regard, and we expect it to be very successful this year as well.

Mr Miller: What sort of cost is—

The Acting Chair: I'm sorry. I don't want to interrupt, but I just want to advise there are about seven minutes left. Mr Wettlaufer originally indicated a desire to participate. I don't know if the two of you have worked this out, or if I'm supposed to adjudicate.

Mr Miller: Maybe I'll just ask my last question, then. What sort of cost is the flu campaign?

Hon Mr Clement: It's \$44 million or \$45 million; am I in the ballpark?

Mr King: It's \$44 million.

Mr Wettlaufer: The Liberals could barely contain their glee when I was asking some tough questions before, but I notice they aren't particularly gleeful when you mention the fact that the federal government has cut their contribution to Ontario's health care spending from 50% in 1966, when the Canada Health Act came into being, to 14% this year, and it will further decrease next year. Not once in six years have I heard any Liberal, including their leader, ever suggest that maybe the feds could increase their funding.

That being said, however, I'd like to get back to some business that I'm particularly interested in, and Mr Zegarac might want to come up here again because I'm not done with this. I'm like a dog with a bone.

Mr Zegarac: And I love my dog.

Mr Wettlaufer: I'm glad to hear that.

Hon Mr Clement: I have a dog as well. I just want to say that for the record.

Mr Wettlaufer: If I am a foreign-trained physician, world renowned in my field, how long will it take me to write the test?

Mr Zegarac: To write the examinations?

Mr Wettlaufer: Yes, in order to practise in Ontario.

Mr Zegarac: If it's a jurisdiction recognized by the licensing authorities, it would be based on the next scheduled exams. To be honest, I don't know.

Mr Wettlaufer: I didn't say "jurisdiction recognized," I said I'm a world-renowned physician.

Mr Zegarac: If it's a recognized jurisdiction, again, it goes by the licensing authorities.

Mr Wettlaufer: That's bureaucratese, I'm sorry. I said I am a world-renowned physician in my field. Forget anything about a recognized jurisdiction.

Mr Zegarac: I'm assuming that—

Hon Mr Clement: Is he world renowned in Malawi? Is he world renowned in South Africa? Is he world renowned in India?

Mr Wettlaufer: Around the world.

Hon Mr Clement: OK, you're not going to tell us where he's from, right?

Mr Wettlaufer: Not yet.

Hon Mr Clement: OK.

Mr Wettlaufer: And it's not a him anyway, it's a woman.

Mr Zegarac: Again, based on the licensing authorities' requirements, it would depend on the jurisdiction that they were recognized and licensed from.

Mr Wettlaufer: So it doesn't matter how good that foreign-trained physician is, it doesn't matter how well trained that physician is, if the Ontario College of Physicians and Surgeons deems that jurisdiction not to be a recognized jurisdiction, then that doctor is not going to be able to practise in Ontario?

Hon Mr Clement: The answer has got to be yes, that's right. If they're world renowned from Ed's Medical School in Podunk, South America, I think we have a right to know whether Ed's Medical School lives up to our expectations when it comes to clinical training.

Mr Wettlaufer: I think that as long as a doctor could pass the examination, if that doctor has a world-renowned reputation, that doctor should be allowed to practise in Ontario. This particular doctor I'm talking about has written books and papers, is recognized around the world as being one of the best in the world in her field and she cannot practise in the province of Ontario. Her husband was recruited by the University of Waterloo. He's a world-renowned engineer. He came to our area thinking that, of course, his wife would be allowed to practise medicine. But, God forbid, she's not.

Hon Mr Clement: It doesn't make sense to me. I don't know all the facts, but the way you present it—

Mr Wettlaufer: She was trained in Central America and it's not recognized by the Ontario College of Physicians and Surgeons.

Hon Mr Clement: I have no answer or explanation. I really don't.

Mr Wettlaufer: What regulations do we need to change?

Mr Zegarac: To get the recognition in terms of the qualifications?

Mr Wettlaufer: Yes.

Mr Zegarac: Again, the ministry is not the body that determines standards of practice. That is a college issue. What the ministry can do is try to facilitate that by providing training and assessment opportunities, which we are doing. That is basically the role we are playing to encourage as much as possible quick and early assessments of any of these qualified candidates or individuals who we feel would be qualified to practise here.

Mr Wettlaufer: Let me go one step further. I used to be a professional in a career in Ontario and we were granted authority by the Ontario government to have our own regulatory body. That is the situation with every profession throughout Ontario. But absolutely no other body I know of restricts its numbers other than the College of Physicians and Surgeons.

Hon Mr Clement: I'll introduce you to the Law Society of Upper Canada.

Mr Wettlaufer: It's not as bad as the College of Physicians and Surgeons. I think it is high time we sit down with the College of Physicians and Surgeons and have a little dialogue with them. Yes, they have the authority, but they are granted the authority by the Ontario government.

Hon Mr Clement: Can I go one step further, since we're on this topic?

Mr Wettlaufer: Yes.

Hon Mr Clement: The role of that body, just as the role of any other body that is a self-governing body in a regulated profession, is the public interest, not the interest of the particular regulated profession.

Mr Wettlaufer: Agreed.

Hon Mr Clement: It is the public interest. I'm sure you were going to get to that.

Mr Wettlaufer: Yes, and I agree with that. I have no objection to that at all, but when a regulatory body says—

Hon Mr Clement: I'm agreeing with you.

Mr Wettlaufer: I know. But when a regulatory body says that it matters where you were trained as opposed to whether or not you can pass the examination, and our ministry has agreed with that, I have a very difficult time defending that. In fact, I'll go one step further and tell you that I will not defend it.

The Acting Chair: I really do hate to interrupt, but I should—

Mr O'Toole: She's already given you three extra minutes.

Mr Wettlaufer: You've given me some of the Liberals' time.

Mr Zegarac: If I could respond for a second with respect to an earlier question that I have an answer to, if that's OK.

Hon Mr Clement: I don't know whether we're going to be infringing upon the—

The Acting Chair: Minister?

Hon Mr Clement: I think it's the Liberals' turn, isn't it?

The Acting Chair: It is the Liberals' turn.

1720

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): My question will relate to the Kingston, Frontenac, Lennox and Addington CCAC issue. You're probably not surprised this issue has received a good deal of attention in our community, because they have chosen a very different course of action in order to meet your expectation that they would operate within the amount of money you have budgeted for them. My question is with regard to the allocation that they received last year over and above what was budgeted for them. Can you explain the purpose for which that money was allocated to them?

Hon Mr Clement: I'll refer to a staffer.

Mr King: I'm sorry. Could you repeat the last part of the question? I didn't quite hear it.

Mrs Dombrowsky: Can you explain the reason why you were able to provide them with an additional in excess of \$1.5 million for their operation last year?

Mr King: As I have stated before, for many of the CCACs in the province, we did a review before the last quarter to see how they were managing. A number were projecting a surplus position, for whatever reason, and a number were looking at deficits. We determined that we would do a reallocation of funds. We did this with the field. I forget the exact number of CCACs we did this with but we're going to get that information. Then we reallocated funds from within their envelope of funding.

Mrs Dombrowsky: To address?

Mr King: In some cases it was to address pressures in some areas, and also because of shortages or contracts that were being dealt with. There were a number of issues we were addressing.

Mrs Dombrowsky: Would you be able to say that if those same pressures were able to be demonstrated this year you would be able to deal with the issue in the same way as you did last year?

Mr King: This year, of course, we have indicated to those centres that they would be operating under their original allocations from last year. They are asked to work within that allocation, so within their organization they need to prioritize their services. As you know, there is nursing service, there is homemaking—

Mrs Dombrowsky: Yes, I'm familiar with the different levels. What you are saying is that while you were able to recognize last year that there were pressures that required them to operate beyond the amount you budgeted, you are not going to do that this year.

Mr King: If we look at the projected situations, many of the CCACs right now are looking at a break-even position, or they will work within the budget that has been allowed. There are others that are having some difficulty. If we run into a situation where there is a surplus amount of money at some of the CCACs, we may be able to review that again. But we have to work within the envelope of dollars available.

Mrs Pupatello: I'd like to continue questioning on CCACs and discuss the Muskoka East Parry Sound Community Care Access Centre. I know that our member from that area would have asked about this one if he maybe had the details. They are now looking at cutting services by 20%. The CCAC there is putting all new requests for home care on a waiting list because they are not able to meet the demand in that area. Minister, I would like the answer for Muskoka East-Parry Sound: is it appropriate that they just put all new requests on a waiting list? This has nothing to do with the numbers; this is just the waiting list. Should they be putting all new cases on a waiting list in Muskoka East-Parry Sound?

Hon Mr Clement: I apologize. I'm not familiar with their particular circumstances so it's difficult to answer the question without being familiar with that.

Mrs Pupatello: For your information then, coming from this group, they are suggesting there are going to be significant delays in hospital discharges—maybe I should

address the member from the area—increased visits to emergency rooms, lost jobs, of course, and the home-making services that do not require personal care will be eliminated completely. The next time the member from that area maybe is having a coffee with the business community there, he may want to discuss Muskoka East-Parry Sound facing a 20% cut in service.

Let me talk about the Hamilton CCAC. Are you aware of a 650-person waiting list for that CCAC that you now control?

Hon Mr Clement: You may have been out of the room, but I think it was released today that the supervisor, as you so referenced, indicated a reallocation of their human resources, if I can put it that way. They are letting go a number of the administration staff and hiring a number of their front-line staff. This was one of the issues why I decided in the first place that there was a need for some supervision of the Hamilton CCAC, and it looks like the supervisor is doing her job and they are trying to get more services for the users of the CCACs—the patient, or whatever—as opposed to the administration. I think that's good news.

Mrs Pupatello: Given that line of thinking, then, the North York CCAC that has 9,500 clients a day is going to be reducing that by about 1,000. They're just going to take 1,000 of the 9,500 off. Would you approve of that kind of behaviour?

Hon Mr Clement: I guess what I'm taking from the Hamilton example is that there are other creative solutions out there that put the resources into the direct front-line services rather than the administration. If you're asking what lesson I draw, that's the lesson I draw. In some cases that might be appropriate.

Mrs Pupatello: The Manitoulin-Sudbury CCAC that's forced to cut \$962,000 from its budget: that's the equivalent of five full-time employees laid off. They're taking a huge chunk of that out of homemaking services. Given that they essentially are triaging what services they are providing to their list, people who used to just get homemaking, meal preparation and housekeeping are losing that service entirely. Do you think it's appropriate that in your policy direction of health service restructuring it's plausible in this day and age, rather than pay what little amount of money it would cost to continue to give housekeeping services to an elderly person to keep them in their home, that you would eliminate that service?

Hon Mr Clement: I haven't eliminated any service, Mrs Pupatello. We have, as I said, increased home care funding by 72% over the last six years. We want to work with the CCACs, and Minister Johns is working very hard to do that. From our perspective, there are solutions to some of the issues that they are facing and we want to get to those solutions.

Mrs Pupatello: Yesterday I was asking about lists of the demands. Is there anyone in the ministry who is keeping a statistical record of how the demand has increased in each community around their CCACs? For example, do you acknowledge that the type of service

CCACs provided when you started them in 1997, and today, that that percentage split of acute care like nursing—70% hospital discharges when it used to be 30%? That is so dramatic a shift in the kind of service that CCACs have to provide today and the cost of providing a hospital discharge service versus house-keeping service, say. Just the change in what they're doing could likely account for well over what you have budgeted them for. Regardless of whether the budget goes up or down, the kind of service CCACs provide today is so dramatically different as to not even be comparable year to year. Do you acknowledge that it has gone from 30% hospital discharge to 70% hospital discharge on average across Ontario?

Hon Mr Clement: I think your initial question was whether someone is collecting the statistics in each district and the answer is absolutely there is. The district health councils, for instance—

Mrs Papatello: In your ministry.

Hon Mr Clement:—collect population statistics and they collect utilization statistics. They then provide that advice to us. There might be other ways that we do that. Mr King?

Mr King: We also have reporting from the CCACs on their activity levels etc. What we're looking at doing is having a common waiting list arrangement from them.

Mrs Papatello: Mr King, will you acknowledge that the type of service CCACs now provide is pretty dramatically different from what they provided in 1997, even if you just acknowledge that it used to be 30% hospital discharges and it's now 70%?

Mr King: Actually, I have an answer. I'm not sure you received that answer, but in fact that's not the case. The discharges from hospitals to home care programs have not changed that drastically. They're still at a 60%-40% level, but it's 60% hospital. You mentioned it was 30% hospital before.

Mrs Papatello: It used to be 30%.

Mr King: So we do have an answer to that question that hopefully you've received.

Mrs Papatello: If you know that, that means you do keep statistics on each individual type of service that is provided by the CCACs, their nursing providers, say.

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Mr King: We have statistics on what nursing was provided, what homemaking etc, but it's after the fact; it's not the current arrangement.

Mrs Papatello: So you would know the number of clients on the list as well, right?

Mr King: We wouldn't know the waiting lists or the clients, just like we don't know for hospitals. Hospitals have waiting lists also. We don't have full supply on demand. So it's the same with the CCAC. This arrangement is very similar to how we work in hospitals now. Hospitals have waiting lists. CCACs now have waiting lists. Service is provided when it becomes available. It's the same with CCACs.

Mrs Papatello: Are you concerned that there are people on a waiting list and that they'll get a service when it's available? Does that concern you at all?

Hon Mr Clement: Mrs Papatello, I don't think it's fair to ask a ministry staff official that question.

Mrs Papatello: I'll ask the minister that. Are you concerned—I'm going to quote you directly, Mr King—that there are people on waiting lists who will get the service when it's available? Are you comfortable with that as the Minister of Health?

Hon Mr Clement: As we all know, they're in a system that has universal accessibility. There is a lot of demand. It's our job to ensure that the demand is sustainable, that it goes to the people who need the help. That's what we worry about day in, day out. I don't think there's a day that goes by that we as members of the government caucus don't concern ourselves with that.

Mrs Papatello: I'm just going to quote your colleague Ted Arnott, who said in the House, "Some patients are receiving less care and some aren't receiving the care they need because they're on a waiting list ... more patients will need hospital or long-term-care beds, the very expensive and sometimes unavailable options that home care was designed to replace, where appropriate."

Minister, I've got to suggest that there is something very, very wrong with your home care program. My colleague Ms McLeod needs to ask a question on that.

Hon Mr Clement: Mr Arnott is absolutely right. That's our concern, that on behalf of the taxpayers and the citizens of Ontario we've spent many, many millions, hundreds of millions more dollars, for community care access and yet these problems do exist. I think Mr Arnott is quite right to identify that as an issue that has to be solved.

Mrs Papatello: Both you and Mr Arnott, then, should be voting in favour of my resolution tomorrow morning. So I hope you'll be there at 10 to 12 in the House tomorrow. I'd appreciate it.

Mrs McLeod: A quick question in another area, and then I think my colleague wants to return to the issue of home care. Would the Royal Victoria Hospital in Barrie be one of those hospitals that are showing a deficit in their operating plans?

Mr King: Again, I think we're back to the situation of what they had intended in their budget this year. They have received about an 8% increase this year. So I'd be highly surprised if they were showing a deficit.

Mrs McLeod: Does that mean that all the beds in the newly built hospital are fully staffed?

Mr King: I can't respond on specific cases. There's no question that there are some issues with nursing shortages now in the system and you can only provide the service when the staff are there to provide the service.

Mrs McLeod: Perhaps I could ask it a different way. Has the budgetary deficit situation that the Royal Vic in Barrie was facing, that had one full wing of a new hospital not operating because it wasn't staffed, been addressed?

Mr King: With the Barrie situation it has not come to my attention that this is a major issue, that the funding levels they've received thus far—they are managing within those.

Mrs McLeod: Mr Gerretsen?

Mr Gerretsen: Yes, I have a few more questions about the home care situation. You accused me of being—

Mrs Pupatello: Emotional.

Mr Gerretsen: —emotional before. I get very emotional when services for the elderly—

Hon Mr Clement: That wasn't an accusation, Mr Gerretsen. I just want to put that on the record.

Mr Gerretsen: Well, you said I was emotional. Mr Minister, I get very emotional when we're talking about vulnerable people who have no—

Hon Mr Clement: I think you're passionate. I think there should be more passion in politics, actually.

The Vice-Chair: Let's let him get his question done.

Mrs Pupatello: It was a compliment.

Hon Mr Clement: Yes, that was a compliment; you're right, Mrs Pupatello.

Mr Gerretsen: My question is quite simply this: we have now heard from the Kingston General Hospital that there are 33 beds being occupied by people who should be getting home care. The hospital agrees with that; the CCAC agrees with that. What is your ministry going to do about that today, or at the latest tomorrow morning, to make sure that, first of all, those hospital beds aren't being occupied by people who shouldn't be there, because there are other people waiting to take those beds—they're coming in for surgery—and to make sure that when those 33 people get discharged, there will be home care available for them?

Hon Mr Clement: I can certainly assure you, Mr Gerretsen, that Minister Johns is concerning herself with this and I'm sure is working her way through the best way to respond on this particular issue.

Mr Gerretsen: The thing I am very concerned about is the recovery plan that the CCAC puts forward in June of this year. Your ministry knew that they were going to be forced to take the action they did by not taking any further patients for a six-week period at this time. They knew that in June 2001, I'm prepared to file a copy of this. It's the only copy I have.

I believe it was Mr Haugh knew about it, according to newspaper reports, and his exact comments were to the effect that, "Well, we knew that we had to some tinkering around with it." He knew that it wasn't going through, but there didn't seem to be the kind of concern I would have expected the ministry to have about this situation.

Hon Mr Clement: I would disagree with your characterization of that. I would dispute that there is a lack of concern.

Mr Gerretsen: What are you doing about it? You've had this since June. Your ministry has had this since June.

Hon Mr Clement: Mr Gerretsen, I believe I answered that question. I know for a fact that Minister Johns is concerning herself with this and she is on the case.

Mrs Pupatello: I am going to go back to CCACs, Minister. Would you table the response you gave to MPP Joe Tascona and MPP Marcel Beaubien, who both wrote to you with significant concerns around their CCACs from their region. Would you table the response?

Hon Mr Clement: Not without their approval.

Mrs Pupatello: OK. I want to talk about Windsor, because you were just in Windsor the other day.

Hon Mr Clement: I was. It was a great day. Do you want me to talk about that?

Mrs Pupatello: No.

Hon Mr Clement: OK.

Mrs Pupatello: The operating deficit of the Hotel-Dieu Grace Hospital, where you sat on the dais, going toward the end of this year is \$17 million. This Hotel-Dieu Grace Hospital is hardly the hospital—and we only have two left. I know that you are aware that we've closed two emergency rooms.

Hon Mr Clement: Windsor was a great community that came forward first in 1992 with—

Mrs Pupatello: So, out of the operating deficit of \$17 million, this is not the hospital that can afford the extra expense of not being able to discharge patients. But that unfortunately is what's happening, because the CCAC there is in a \$2.8-million deficit and they now collect statistics on how many patients don't get discharged because the CCAC, because of the deficit, won't be able to take the patients on. They just say, "Don't discharge on the weekend. We can't give you any service." What do you make of that?

Hon Mr Clement: Let me just respond generally that certainly we are aware—

Mrs Pupatello: You couldn't respond specifically to this case?

Hon Mr Clement: No, let me just say that we are aware of the situation—I think I have admitted that to you privately—and certainly are reviewing the situation. That's where it stands right now.

Mr Gerretsen: Could I just ask one question. This is what Mr Haugh is reported to have said: The government imposed budget restrictions on access centres in an attempt to "find out whether the system is running right, should be left alone or needs tinkering." Is that the reason you put these budget restrictions into effect? That's his quote, your PR man, according to the newspaper report.

Hon Mr Clement: Yes. I can't speak to what was said and how it was quoted.

Mr Gerretsen: Do you agree with that statement?

Hon Mr Clement: Here is how I would characterize it, Mr Gerretsen. There has been a period of six years of unparalleled growth in home care funding; 72% over six years, I believe is the number I have mentioned several times.

Mr Gerretsen: It's 20% in Kingston.

Hon Mr Clement: Twenty per cent is a lot of money.

Mr Gerretsen: It sure is.

Hon Mr Clement: It's the taxpayers' money and they deserve to make sure that money is put on the front line for direct patient services. I would never trivialize a 20% increase in funding.

Mr Gerretsen: Well, you closed the hospitals. It may not be enough.

Hon Mr Clement: Here's how I would characterize it. There certainly has been a massive growth—

The Vice-Chair: You can answer that later.

Ms Martel.

Hon Mr Clement: Sorry.

Mr Gerretsen: I guess the Chair let you off the hook.
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Ms Martel: Minister, I'd just like to return to the issue I was finishing up with in the last round, and that has to do with the francophone community health centre in our own riding. I would ask the staff to undertake to determine where this application is now at. It was submitted to your ministry in June of this year in the request for all of their needs analysis, probably pertaining to a request of about \$1 million for capital for their satellites.

I would ask that if you have it you consider funding it outside of whatever process you have now with respect to a review of CHCs. I'll give you three reasons for that. One, this is a community health centre that was built under our government but received approval for expansion under yours on October 23, 1995. There was very specific commitment by Mr Andrew Szende, assistant deputy minister, that \$2 million would be committed: \$1 million was for a primary site; the other million was for satellites.

Hon Mr Clement: Sorry, what was the date on that?

Ms Martel: October 23, 1995. I can give you a copy.

Hon Mr Clement: We will have to track that down.

Ms Martel: I think it is a project that goes quite a ways back that should have been funded by now.

Secondly, these satellites are located in two communities in my riding that are underserved and have been underserved for a number of years. The expansion to full-fledged community health centres in those communities would go a long way to dealing with their underserved problems.

Thirdly, one of the satellites now has a waiting list of over 1,000 clients, but they also have physicians who are prepared to come on salary if the expansion occurs. I would very much appreciate it if the ministry could look into this and see if this application can now be funded.

In general I just want to say, before I leave this subject, that I'm very much supportive of the CHC program. I think they have been very effective tools for recruitment, for retention and for health promotion that involves many disciplines larger than your primary care health network in terms of the health care professionals who are involved, and that, in terms of being able to respond to the needs of underserved areas, not only for physicians but for all other health care professionals, they are the way to go. I would encourage you to do the work that must be done.

Hon Mr Clement: When you say that they are the way to go, to the extent that we should not proceed with primary care reform—

Ms Martel: Well, I was going to ask you about how that is going because you've had some criticism by the OMA. So I'm not convinced that it is going as well as you would like to portray in that regard, Minister. Maybe you can respond to that.

Let me just finish by saying I would really encourage you to deal with their proposal. But now you can answer the question about your family health network, because there was quite a bit of criticism publicly by the OMA, intimating that this was not proceeding anywhere near as well as it should. Maybe you can respond to that.

Hon Mr Clement: Yes. I think that they, in the end, retracted a lot of their statements after the kerfuffle. I don't think that that should be seen as the current official position of the OMA. From my perspective, it is a touchstone of this government to proceed with family networks, with primary care reform. There is no question in my mind that health care will be improved across the board if we have 24-hour-a-day, seven-day-a-week access to primary care away from the hospitals, away from tertiary and secondary care models at the primary care, by family physicians working in teams, being available or, when they're not available, having a trusted member of that team available to the patient. To me, that is an excellent way to provide high-quality primary care and, incidentally, take some of the pressure off our emergency wards. When a citizen knows that their doctor's office is always open and is always staffed by people they know and trust, I think it will have a tremendous impact on some of the activity that happens in our emergency wards.

The other thing that I'm very excited about—so permit me to put this on the record—is that as part of our way to remunerate the family physicians in these networks, of course we will take into account their roster, how sick their patients are and how old their patients are, so they don't cherry-pick the most well or the youngest and that kind of thing. We will pay them more for the sicker and the older. The other thing we will pay them more for is, incorporated into their family practice, a preventive medicine component. We will pay them more for that. I think that's very exciting in terms of wellness, the ability of our system to promote wellness, to promote healthy lifestyles and healthy living. They're our front-line troops on that. I'm quite excited about moving ahead on this.

Ms Martel: Minister, if I might, because you asked me if I would have one at the expense of the other, I think you know our position in the NDP has been that it should be mandatory, not voluntary. We certainly agree with the need to move forward on primary care reform.

I think what the ministry should be looking at, though, is that we have a number of community health centres that could be expanded without much difficulty and up and running in expanded sites in six months. I suspect that a number of those that could be expanded—I believe there are at least 21 that would be ready to go—would be

in communities that are underserved now. If you're trying to deal with recruitment and retention problems, it may be that those would be the ones you would go after, because they could be up and running before some of your primary care sites.

Hon Mr Clement: We will certainly take that under advisement. Thank you.

Ms Martel: Can you give me the details with respect to the funding for that very initiative? The PA in his remarks mentioned, and I hope this is right, that in the budget of 2000 there was \$100 million in incentive funding that was allocated and \$150 million in information technology.

Hon Mr Clement: That's right.

Ms Martel: How much of those budgets have been spent to date?

Mr King: Alison Pilla, who's the acting assistant deputy minister, will answer that question.

Ms Alison Pilla: I'm Alison Pilla, acting ADM for the health services division. As the minister mentioned, we are quite proud of this initiative with respect to the Ontario Family Health Network. There's been quite a bit of interest expressed by physicians in participating in these health networks. I think we have about 40 groups of doctors, who comprise about maybe 550 or so doctors, who've expressed some interest. We are making some good progress on developing the components that we need to roll out these networks. We have, as you know, an agency set up to do that. There's a chair, Dr Ruth Wilson, of the agency and the board of directors is in place.

The numbers that the minister mentioned are correct in terms of the budget announcement for funding for these networks, and we are currently in the early stages of pulling together the template agreements. We have a lot of that work completed in conjunction with the OMA. These are the agreements that will be rolling out. We intend to start, once those templates are approved, to roll those out very shortly. In terms of actually specifically how many dollars have been spent to this point, I would have to undertake to get back to you on the actual amounts.

Ms Martel: That would be helpful, because I'd like to know how much of that actually has been allocated. You mentioned that you have about 500-plus doctors who are interested, but the parliamentary assistant used a figure of 175 doctors who have joined. Now I'm confused, because I'm hearing you say we are at the start of a process that hasn't really started.

Hon Mr Clement: No. We have some pilot projects that are up and running. I think they represent about 250,000 patients.

Ms Martel: How many do you have, 14?

Ms Pilla: That's correct.

Hon Mr Clement: That's one group. Then we've got expressions of interest and so on, even without a contractual framework having been finalized. Our expectation quite frankly is, once we get the contractual framework finalized so that they know what sort of relationship there

will be operating—medical professional to medical professional and centre to province—once we get those finalized in the next few weeks, I think we are up and running.

Ms Martel: Are the pilots being funded out of the budget announcement of 2000?

Hon Mr Clement: I don't think so.

Ms Pilla: That was a previous initiative that was in place.

Hon Mr Clement: Yes.

Ms Pilla: Those have been in place for a little while. You're correct, there are 175 physicians participating in those 14 primary care networks that are in place now. That represents about 250,000 patients.

Ms Martel: Of those who are expressing interest at this point, how many communities then would be involved? Do you have a breakdown in that manner?

Ms Pilla: I would need to check that. I don't have that information with me, but we could look at that.

Ms Martel: That would be helpful. If it is possible, because you already have the list of underserved areas through the UAP, could you do a match for us to give us a sense of how many of those who want to be part of this are actually in an underserved area?

Ms Pilla: Sure. You understand that these are early expressions of interest and that we expect we will get a lot more interest once we've looked at the contract and are able to describe to people how that's going to roll out.

Ms Martel: That would be fine. When did you say that process would be complete, the template and the contract?

Hon Mr Clement: We are just in the midst of it right now, Ms Martel. I can't give you an exact date, but I can tell you it is one of my very top priorities.

Ms Martel: I have another question with respect to underserved areas. It is a program that operates in northern Ontario—I think it still operates; if someone could deal with this—the northern group funding plan. Is that incentive program still in operation in the ministry?

Ms Pilla: Yes, that is. That is currently in place.

Ms Martel: Can I ask, does the criterion that communities with a population of over 10,000 are not eligible still exist?

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Ms Pilla: I don't believe that we changed the criterion for that program. I'd need to check if that was the initial criterion, because that program started a few years ago. I think the criteria that were in place then are still in place. There were a certain number of areas that were identified as being eligible and that was the list essentially of eligible—

Ms Martel: It is my understanding, and you will correct me if I am wrong, that communities having a population of over 10,000 were not eligible. As you check back on this, I would encourage the ministry to review that criterion.

In my own community, in the outlying regions, there are three communities that are over that, but all of them are underserved and have been for quite some time. As

people know, the problem of underservice is not just a problem for small communities. It would be most helpful to get a change in the criteria, because I think that would have some benefit in our community.

Mr King: I was just going to mention that Allison and I both share this program through the north and through the OMA. We have agreed with the physician services committee of the OMA that we will do a review of the underserved area program, so that is just underway right now.

Hon Mr Clement: I announced that Monday.

Ms Martel: Let me backtrack. A review of the underserved area program can mean a number of things. What does it entail specifically? All of the incentives?

Mr King: It's looking at all of the incentives, but it's mainly to look at whether we need to update some of them, because they have been going for some time and we haven't reviewed them. It's really to focus, in a positive way, on the underserved area.

Ms Martel: I should assume, Mr King, that the northern group funding plan is designated as an incentive program under the underserved area program?

Mr King: Yes. They are all included in that package.

Ms Martel: I'm worried about the length of time for said review. Do you have any timeline for this? Clearly, I would ask you to consider a change in criteria for those communities as a more immediate response to underserved areas like my own. If the review is going to take another six or eight months, I have to say that won't be terribly helpful in our community.

Hon Mr Clement: I hear you loud and clear.

Ms Martel: Thirdly, and this goes back to under-service, I'm also trying to offer some options around dealing with some of these issues, because the immediate problem we have in too many of our northern communities is still a lack of doctors, despite the initiatives that the government has announced; some of them will take some time to roll out.

Minister, you mentioned yesterday, in some responses that came with respect to questions on nurse practitioners, that the ministry was engaged in a discussion with nurse practitioners now about how they might fit into family health networks. I appreciate that. I wonder if you would consider something else, and that is, to look at actually funding nurse practitioner positions in a number of northern hospitals. We have a scenario now at the Sudbury Regional Hospital, the St Joseph's site, where there is a nurse practitioner, and I think some of the money is coming from your ministry and some from the hospital to have a nurse practitioner who operates an outpatient clinic, which is dealing with some of the orphan patients. The hospital also has a need for a nurse practitioner in their emergency ward to continue to deal with orphan patients, because that is a major problem of people coming in. I would encourage you to look at the possibility of expanding nurse practitioners into hospitals to deal with orphan patients as well, because that's a

huge problem in our community and, I suspect, in many other northern hospitals.

Hon Mr Clement: I appreciate your suggestion.

Ms Martel: One other issue, if I might. I'm not sure how much time I have. I listened, Minister, with interest to your response to the question from Mr Miller about the flu campaign. I want to follow up now on the suggestion we have made for meningitis immunization. You will know that Quebec has recently announced a major program, \$100 million.

Hon Mr Clement: I saw that Mr Hampton came out quite aggressively on that.

Ms Martel: Exactly. We wrote to the Premier on this in July, and the Premier has just recently responded to say that he has sent the correspondence to you. So, can you tell me what your plans are for meningitis immunization? To be serious, we've had 65 people infected and eight people have died. There's a way to deal with this.

Hon Mr Clement: I want you to know that I'm relying upon the advice of public health officials and the provincial public health officer, the chief medical officer. In some respects, as a layperson when it comes to these medical issues, I do have to rely on the advice of clinical and scientific experts. I think that's what I can say right now. He has not so recommended at this time.

Mr King: Dr Karim Kurji is here. He's the assistant director for public health.

Hon Mr Clement: Dr Kurji, would you like to add anything to what I said?

Dr Karim Kurji: No, I believe you have covered it.

Hon Mr Clement: Thank you for your time and your—

Ms Martel: Don't go away. Let me back up. You have spoken to whom about this initiative?

The Vice-Chair: Just state your name.

Dr Kurji: I am Dr Karim Kurji, physician manager, public health branch. Maybe if I can, through you—

Hon Mr Clement: It is Dr Colin D'Cunha I rely on. He's the provincial chief medical officer. Obviously he has some expert staff here. I rely on them, quite frankly.

Dr Kurji: The ministry is well aware of the proposed national strategy document that talks about the implementation of the meningococcal immunization program in the under-20 age groups: basically, two groups of children under the age of five, and for adolescents between the ages of 15 and 19. However, the Ministry of Health is also participating in a federal-provincial-territorial process involving other jurisdictions with respect to the introduction of this particular immunization program.

The National Advisory Committee on Immunization has not yet released its recommendation. At this point in time, Ontario is certainly following whatever recommendations have been released by the National Advisory Committee on Immunization, and they suggest that meningococcal immunization be used only in certain conditions for the control of outbreaks. We are working closely with the other partners in the federal-provincial-territorial process and collaborating within that process.

Ms Martel: If I might, though, some of your other partners have already proceeded with immunization in their own jurisdictions. In Quebec, announced in July, \$100 million in a campaign to combat meningitis; Alberta has launched a \$22-million vaccination program this year, targeting 640,000 people under the age of 24. So I guess I'd make the argument that other jurisdictions aren't waiting for the recommendations to come down. They are moving forward with a program in this area.

Dr Kurji: With respect, we have to step back a little bit and re-examine why Alberta and Quebec embarked upon their particular line of action. Both of these provinces had seen a number of outbreaks that necessitated a large number of their population—in fact, I would argue, much of their population—in the cities and in the rural areas being immunized as a means of protection. This is really following the National Advisory Committee on Immunization recommendation, ie, you immunize in certain situations to control the outbreaks. Given the fact that they had already immunized a good proportion of the population in the cities, it only made sense to proceed further and have more complete protection.

Ms Martel: But wouldn't you also want to consider the incidence, both in terms of infections and eight people—Quebec's numbers, as I understand it this year: 72 people have been infected and eight people have died. Ontario's numbers for this year: 65 people have been infected and eight people have died. They're not far off.

The Vice-Chair: A short answer would very much assist us in wrapping up our time.

Dr Kurji: Sure. When we actually consider an immunization campaign, we take into account incidence figures in the local population, and we tend to demarcate the population by certain criteria. In general, we use the figure of 10 per 100,000. Anything over 10 per 100,000 is what we would regard as an elevated incidence. So it depends on the details that have been used in each instance in terms of working out the figures.

Ms Martel: Just as I finish, may I ask, Minister: I gather that you are asking for advice on this; could I ask you to go a step further than the chief medical officer of health? We had Ron Gould at our press conference, who is an advocate of that. He is a medical adviser of the Meningitis Research Foundation of Canada, a professor emeritus of pediatrics in the faculty of medicine at the University of Toronto and the former head of the division of infectious disease at the Hospital for Sick Children, and he is very supportive of this program. I would ask, as you are gathering advice, that you include and ask for his in this very important program, because I think he has tremendous expertise as well.

The Vice-Chair: We stand adjourned until Tuesday, after routine proceedings or 3:30. At that time, we have an hour and 50 minutes approximately, and if we choose to put the Ministry of the Environment on notice, the Ministry of the Environment will then be called.

The committee adjourned at 1759.

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Mardi 9 octobre 2001

Standing committee on estimates

Ministry of Health
and Long-Term Care

Comité permanent des budgets des dépenses

Ministère de la Santé et des Soins
de longue durée

Chair: Gerard Kennedy
Clerk: Susan Sourial

Président : Gerard Kennedy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 9 October 2001

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 9 octobre 2001

*The committee met at 1540 in room 228.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Mr Gerard Kennedy): Just before we get underway, we may, because of the delayed start, be looking at 15 or 20 minutes, commencing there. Is there a will to stand that down to the next time so we could have a more coherent overall presentation? How do the parties feel about that particular element? The implication is simply 20 minutes one way or the other.

Ms Shelley Martel (Nickel Belt): I agree.

The Chair: OK. If there's that agreement, then we'll advise the Ministry of the Environment that we will commence tomorrow rather than bring everybody out, and the ensuing changeover and so on. We have, I should say, a strong representation here from the Ministry of Health. We wouldn't want anyone injured on the way out and so forth. Thank you for that agreement. I think it's a courtesy to the ministry. With that, we will commence. I believe we were with the government.

Mr Norm Miller (Parry Sound-Muskoka): Can you tell me about the flu program for this year? I know you just started. I think it's at the stage of near implementation for this year. Can you give me some details on that program for this year, please?

Hon Tony Clement (Minister of Health and Long-Term Care): Certainly. It's a \$44-million program this year, Mr Miller. I was able to announce on Friday at police headquarters in Toronto that the flu program is now in the process of delivering the vaccines to medical facilities and family physicians. There will be a total of 5.9 million doses available. If more are needed, we have the ability to contract for more. That total is higher than last year by about 15% or 20%, I believe.

From our perspective, we are expanding the program this year. We are getting into more workplaces. Last year we concentrated on institutions: nursing homes, hospitals, facilities like police services and fire services, places where employees come into contact with a lot of people in the course of their employment. We're expanding, with the assistance of private sector and public sector places of employment, to get it into more workplaces.

One of our partners, for instance, Ontario Power Generation, has had a program for a number of years. They were there at the launch as well. They have had

quite remarkable success; over 50% adherence in the workplace to get their flu vaccination shots.

I'm particularly proud of the results from last year. I am now told that this is the only program of its kind in the world—not only North America, but the world—in terms of its reach and support by the government, which is the jurisdiction for these things.

I can tell you—I think I mentioned this in response to Ms Martel last time—that the numbers bear out that it has had a positive impact last year compared to the year before. I mentioned, I believe, at the last session that the number of cases in our nursing homes declined by 97%. I believe it went from a total of 341 down to nine. I'm also told that as a percentage of cases, Ontario went from 40% of the cases in Canada the year before last to 20% of the cases last year. So again, these are numbers that seem to defy the view that this is just because of the strain or just because of particular circumstances. There has been a very large impact and we're quite hopeful that this year we'll have the same impact.

Mr Frank Mazzilli (London-Fanshawe): Minister, on a broader policy issue, we continue to hear that there are needs in health care and our government is spending some \$23 billion, representing approximately 44% of Ontario's spending, yet we continue to hear that there's not enough in some areas and not enough in other areas.

When you look at the broader policy issue between the federal government and the provinces, I know the federal government has acknowledged that perhaps there's some sort of a problem and has appointed Mr Romanow to look at the situation. Is there any idea or any indication as to when and what type of recommendations he's prepared to make to the federal government on this very important issue?

Hon Mr Clement: I can tell you a couple of things. First of all, Mr Romanow's commission, which is a free-standing commission—I guess in a sense a royal commission; it has all the powers and authorities vested in that—is ongoing. I am told that in January or February there will be an initial report. The ambit of the initial report is going to be what he's heard around Canada as to what sorts of things need improvement. Mr Romanow has mentioned in the past that he is of the view that not everything our medicare system in Canada does now is sustainable if we remain wedded exactly to the status quo, so he has made intimations that some things might have to change. How far he is willing to go with that

suggestion remains to be seen. After his preliminary report—I think he is expecting nine to 12 months later—he would then issue a final report on his recommendations to the federal government on any changes to the Canada Health Act, any changes in Canadian policy with respect to these issues.

We have made several submissions to the commission on behalf of the people of Ontario, one involving funding. We have been quite clear that we felt the first thing the Romanow commission should identify is that, for any proper and sustainable functioning of our health care system, the federal government should have to live up to its responsibilities when first the Canada Health Act was created, that is to say, a 50-50 responsibility, and that in the first instance, when it comes to funding, they should be back to their 1994 levels of funding, that is to say, 18% of the total health care costs. That's an initial representation we have made.

The other thing that is going on out there of course is that Senator Kirby, a Liberal senator from Nova Scotia, has Senate hearings on the future of medicare as well. I understand that later on in the month, he'll be taking his senatorial committee out on the road throughout Canada to hear representations from various groups and citizens in the country, and I expect Ontario will have its share of locations for that. He has released a series of papers over time—I believe four of them to date—indicating potential avenues for health care reform. I must say he has been bold. I'm not agreeing or disagreeing with what he has said, but certainly the types of issues he's willing to at least discuss are quite expansive. So his committee and their recommendations are obviously part of the public record and form part of the public policy debate.

Mr Mazzilli: On that, as you've said, there is an indication to look at these things, and whether it is Mr Romanow's commission or the senator's commission, likely we are looking at one or two years out by the sounds of your description of the consultation they will be undertaking.

At the present level, without any new technologies, just regular inflation and with the age groups in our population going up, what type of increases are required to the health care budget just to maintain the status quo as far as services?

Hon Mr Clement: It is estimated, when you look at inflation historically in the health care sector, that adds a couple of points. When you add utilization and population growth and the demographic impact of an aging and growing population, that usually adds two to three points per year. So you're looking at 5% per year before you go through the long list of program improvements and specific areas that might be in excess of that.

1550

We have made the point to Mr Romanow that a two-year commission with results coming out at the end of two years, and then you have to go through the whole legislative process—the whole consideration on a national level and goodness knows how long it will take to draft legislation if there are already changes contemplated to

the Canada Health Act—and have a fulsome debate, you're looking at two and a half to three years before anything meaningful would be accomplished. Our point has been—and this is a point that has been underlined by other Premiers and health ministers in other jurisdictions—that we cannot wait that long to have federal government policy frozen in some form of stasis until Romanow completes everything that Romanow has to complete.

The reaction of the federal government is, “Well, we are in the middle of a royal commission. We have to wait for the results of Roy Romanow” etc. That is slowly becoming a mantra that is used as an excuse not to act and not to hear the provinces' concerns; not only Ontario's concerns but Quebec's concerns, British Columbia's concerns, concerns in Atlantic Canada and so on. They have a new Liberal government in British Columbia that has made the same point that Mike Harris made very forcefully—it is pretty well the same concern—that we cannot continue to deliver excellent health care, universally accessible, available when we need it, where we need it, unless the federal government is part of the solution as well, and we are hoping that does not fall upon deaf ears.

Mr Mazzilli: Recently—and I know in London there have been some issues that I've stayed on top of—the opposition benches have chosen to play politics with a certain issue on a hospital in relation to some services that that hospital feels it may or may not be able to provide. What I'd like to know is, beyond the usual babble, have the opposition submitted any solutions to you?

Hon Mr Clement: I would say that the answer would have to be no. The opposition, as befits an opposition, raises questions, which they have done. But the fact of the matter is, I think we could all agree around the table that we want quality health care delivered by those who can deliver it in a sustainable way, in a way that the clinical outcomes—

Mr Mazzilli: So they haven't said that they've gone to Ottawa and gotten more money for this service and you can keep the service in London? They haven't put any of those solutions forward to you?

Hon Mr Clement: I would have to say no. We've asked the opposition parties to join us in the dialogue with the federal government when it comes to our appropriate share of what is, in effect, the same taxpayers' money. Our position has been that it is even more apparent in Ontario, where the ridings are the same ridings provincially and federally. The people in Ontario who are concerned about health care, which is a goodly portion of the population, are the same people who elect the provincial member and the federal member. If their number one issue is health care provincially, it is their number one issue federally as well. Indeed there is public opinion research that backs them up.

Mr Mazzilli: Before one starts criticizing, whether it be an opposition leader like Dalton McGuinty or Mr Peters, I would have felt they would have gotten a

commitment out of their federal cousins before they started criticizing a hospital board and its administrators, whether they feel they can keep certain specialists there based on whatever criteria or best practices. But barring any of those decisions that the hospital board and its administrator felt they had to make, if one were to keep all those services, you would think that the opposition would have written to the federal MPs and the Prime Minister and would have brought some money along with their accusations of you and your ministry.

Hon Mr Clement: I'm not aware of any such communication. I can tell you from our end, we want the best clinical outcomes for kids when it comes to pediatric cardiac care, or for other citizens in London or wherever. The name of the game has got to be the best clinical outcomes. If a particular course of practice cannot guarantee that, then you've got to review the scope and size of what you purport to be a hospital. To me it's like what we were talking about in the last session, it has to be outcomes-based. How can we deliver, not only pour the money in—we're very good at pouring money in; any government has done that. It's the question of, what sorts of results do you get out? Unless you're focused in on the outcomes, you are not doing your job, I would put it to you, as either a government or an opposition. We're focused on the outcomes.

Mr John O'Toole (Durham): This morning the MPPs for Durham met with distinguished members of the hospital foundation, Chuck Powers and Don Blight, as well as members of the Lakeridge health board: Anne Wright, Judy Spring and of course Brian Lemon, the CEO. They were really responding to a question asked earlier, as well as a memo that was issued from your ministry dated October 3 and signed by Paul Clarry and David Stolte with respect to the Lakeridge health challenge. We spoke on this before. I just want to put on the record that I respect the memo of October 3 and I just want to point to a couple of points made in there. It's quite a directive letter, and in that respect what we all need is to be more results-focused on getting this project together. The strength is in words like:

"In order to proceed with the cancer project, the following information is required:

"The updated costs associated with constructing a two-storey" addition over the cancer centre, and some other technical things. Other strong language here is, "In order for the ministry to consider this component of construction"—in other words, it's sort of under the decision point here—"the following information is required." It goes on to talk about a unit there to create its own power for the facility.

I guess the point they were trying to make with us was that under the redevelopment, which is one part of the project—the cancer treatment centre is number two in my mind, but they're linked in their minds, and they're linked in the respect that they need updated, more appropriate facilities for critical care, emergencies and lab facilities, which are all part of the redevelopment cost.

I'm very supportive of the foundation's initiative here to raise considerable capital. I just want to put on the

record, I've seen the capital project, as you've outlined as well in the memo, raise from something in the order of \$175 million up to something like \$360 million. Being one of the many representatives elected in that area, I don't want to shed any negative light on this, but I just want to, with the conditional language that has been put forward in the memo, have some reassurance that the project, either phased or otherwise, can proceed to the target date of the calendar year 2003. That's the commitment. I think before the foundation can start rolling out a major fundraising project—and these are significant donors, in the millions-of-dollars range—can I get something in terms of a response?

Hon Mr Clement: Sure.

Mr O'Toole: But I do respect—the memo of the 3rd I thought was quite directive and had those four requirements very specifically: "The following is required"—and there are about four different areas here. Are we happy with what's going on there, and can I reassure my constituents that we're going to get the redevelopment and the other piece, or is there some other hook here?

Hon Mr Clement: Sure. I will defer to John King in one second, but let me just state also for your consideration that of course there are a number of different projects at that particular hospital, and deservedly so, and they will proceed. But we were facing a situation where, because of the sequencing, the cancer centre was missing some deadlines. From our perspective it's important that we meet those deadlines. It's government policy that there's going to be a cancer centre there; it should be there. So I think we've had that dialogue with the hospital, but I'll defer to John King to give you some detail.

Mr John King: I'm John King, assistant deputy minister. We have been dealing very closely, as the minister said, with Lakeridge, and we have had their commitment that the cancer centre will continue and will be ready by 2003, which was the date they were looking at. That will be a project that will be separated off. Unfortunately, for a number of these projects, they have included them as part of their master plan, and that's why we got a little off track on this. But we are working very closely with them. We do have to phase these projects, because many of the hospitals are going beyond the commission direction. Of course, they want to have a vision for 2020, but that's not where we're moving right now. So we will look at a phased approach to many of these projects. I think you can be assured that we are working closely with them, that we still will follow through on the commitment at that cancer centre. We will separate that project off so we can continue as planned for the cancer centre. We have received that in writing from them.

1600

Mr Paul Clarry: Paul Clarry, director, capital services branch. I just wanted to add, the memo, if it seemed directive, is a reflection of a series of meetings and discussions we've had with the hospital as well as the board members and the foundation members. If it does seem directive, I think it reflects the agreements we had

reached with the hospital on how to proceed. It needs to meet some very specific requirements to keep the cancer centre moving. As well, it was deemed helpful to the hospital to use the language in the letter, recognizing that they are in the process of reconstituting their project management team. It also lent credibility to the community and foundation as it is out talking the project up with its major donors.

Mr Miller: I have a question to do with community care access centres. My riding of Parry Sound-Muskoka is unique in that we are covered by three community care access centres.

The Chair: One minute, please

Mr Miller: Very quickly then, I had a constituency complaint to do with the administration of one particular CCAC that too much money is being spent on administration. My question is, what is an appropriate amount, maybe a percentage, that should be spent in a CCAC on administration?

Hon Mr Clement: I think it's a legitimate issue and a legitimate concern. Mr King, do you want to say something?

Mr King: I think it is difficult to give a specific percentage, but generally we had looked at about 6% to 8% in administrative costs. I think we have to really be clear on what's included in administration because often health records, finances etc are part of administration. Apples and oranges are sometimes used in these settings. Without being specific—and I wouldn't want to go back and accuse a CCAC of going above that—that's generally the guideline that we would use for administrative costs.

Mrs Lyn McLeod (Thunder Bay-Atikokan): There are a number of issues I want to cover today. Again, I just want to thank the ministry for having tabled answers to the questions from last day.

I do want to note, for the record, there was only one day of public consultations scheduled by the committee that is looking at the cancer care centre mergers. The remaining four requests from local groups to have hearings outside of Toronto all came from Liberal members, and there is an error, whether it is in the recording of the requests that were made or whether it is in Dr Hudson's understanding of it. The requests have come from London, from Kingston, from Thunder Bay-Atikokan and from the northeast region, which is in Sudbury. We will be fortunate to get one hearing in Thunder Bay; we were looking for two.

First, I want to turn again to the hospital issue. You've indicated that 60 hospitals will be projecting deficits this year. Can you tell me please what time frame the government has now given to hospitals to have balanced budgets?

Hon Mr Clement: Can I just say this about the 60 hospitals? Again, there is a lot of negotiation that goes into what sort of deficit they're forecasting and what goes into that. As we have a dialogue with them, that number does get reduced.

Mrs McLeod: I understand that. My second question will come to that.

I specifically wanted to know the time frame you've given hospitals. I know there was legislation. The legislation is no longer in front of the House. There is a time frame that's been given to hospitals, I understand, for having balanced budgets. Is it this year or next year, this May or next May?

Hon Mr Clement: Sure, yes. I can't answer that conclusively because we're still in discussions with the hospitals on what is reasonable and fair to expect.

Mrs McLeod: There was a directive given. Has that directive been withdrawn? I believe the directive was to balance budgets by the end of this coming May.

Hon Mr Clement: No, I'm not aware of a directive of that sort.

Mr King: We continue to ask hospitals to work within their means, but there was no directive that went out to hospitals to balance budgets. As the minister said, we are still working through the other part of the legislation.

Mrs McLeod: So each of the 60 hospitals that are currently projecting a deficit are essentially in negotiations with the ministry in terms of what's reasonable. So then the decision of the London hospital board to cut the 18 programs at this point in time, for a saving of some \$2 million, under a directive from the Ministry of Health that they had to cut \$17 million, would have been part of an approved operating plan submitted by London to the ministry and having received your approval?

Hon Mr Clement: We'll give you the context on that.

Mr King: The specific situation in London was not part of a balanced budget situation. We did an operating plan there in London some time ago. We've looked at a number of areas. One of the areas happened to be programs that are offered as tertiary or quaternary programs. The London board decided that there were programs that—it wasn't for the dollars, it was for the volumes—they felt were not necessarily providing good, quality, safe patient care. They selected those based on that. They also happened to contribute to their overall recovery plan that we're working on through their operating plan.

Mrs McLeod: Can hospital boards make decisions about service reductions in order to meet their—because they've had to submit operating plans to you. Granted, they're in negotiations. To deal with their deficit situations, can those hospital boards make decisions about the cutting of programs without specific ministry approval?

Mr King: Yes.

Mrs McLeod: In that case, I assume that each of the 60 hospitals is working on a different operating plan with different proposals to scope their programs and that each of those operating plans would have separate ministry approval but would not necessarily require that approval before they make the decisions to cut.

Hon Mr Clement: I know it's not your intention, but there is a bit of apples and oranges going on here. The London case directly involves the Health Services Restructuring Commission reports on which hospitals should be responsible for what clinical outcomes. That is a very different kind of discussion with the ministry than each year's operating plans of each hospital. I wouldn't

want to mix the two, because then one would make assumptions that are not correct.

Mrs McLeod: All right. I'll accept that. I'll come back to an apple if you would deal with the orange first, please. The operating budget plans which have deficit reduction plans each have to be approved by the ministry, but you've indicated that the hospital can make those decisions before the minister gives approval of the plan. So each hospital independently can make decisions to cut programs in order to deal with cuts. That's a correct statement, taking it away from the apple of London for the moment, Minister?

Hon Mr Clement: Operating plans are different, though, Mrs McLeod. They are—

Mrs McLeod: I'm talking about the budget reduction plans within the operating plan.

Hon Mr Clement: Yes, but my earlier point was that there has to be a discussion between the ministry and the hospital on each operating plan because some of the assumptions they make, which create a number that is a deficit number, turn out not to be so. For instance, in our announcement of hospital funding there are a number of programs on our list of priority programs that get on-going funding that they may not have been aware of. So these things take a little discussion.

Mrs McLeod: I think the answer to my question, however, was Mr King's answer that a hospital board may make a decision to cut programs without specific ministry approval.

Mr King: The only thing I would qualify that with is that we did send out a note to them that they would of course minimize the impact on patient activities and also minimize the impact on labour. So within that budget—but, you see, some of the funding announcements just came out and we are just revising our plans with them. The minister is correct in saying that some of the assumptions of new programs etc that have not been approved by the ministry were also part of that deficit.

Mrs McLeod: In terms of what you've described as the apple rather than the orange, then, and I'll take London as the apple, what you're saying is the hospital restructuring program, and that makes it clearly a ministry responsibility, because hospital restructuring is a directive from the ministry.

Hon Mr Clement: I think it's always been our position that the hospital restructuring commission was an independent commission which was designed to make some conclusions which then became part of the public record. So I'm not sure how to answer to your question other than—

Mrs McLeod: So you're saying that London was acting on a direction from the hospital restructuring commission?

Hon Mr Clement: Yes.

Mrs McLeod: You've indicated, Minister, in the House that there are plans to provide those services elsewhere. Were those plans included in the details of the hospital restructuring commission's directives to other hospitals?

Hon Mr Clement: The plans would automatically come about as we go through our consideration and research based on what is now before us from the board of trustees as to how to proceed. So before any of that stuff becomes operational, of course we would ensure that there would be no gaps in the system.

1610

Mrs McLeod: So if I can just understand it, and I'll move on to another area, the London hospital then made a decision about restructuring based on a directive of the hospital restructuring commission but in the absence of any specific plans for the accommodation of those programs elsewhere.

Hon Mr Clement: Well, no. Don't forget that this does not occur instantaneously. The board of the London hospital made its decisions. That doesn't mean tomorrow or next Monday automatically there is a different situation. Before we get to that different situation, I think it is the responsibility of the Ministry of Health to ensure that what is not available there is picked up somewhere in an acceptable fashion for the delivery of services in Ontario.

Mrs McLeod: I appreciate that. I won't belabour it. But the basic thing is that the hospital restructuring commission, you've told me, directed those cuts but did not in turn direct another hospital to pick up the services.

I want to turn now to the northern health travel grant. I have a series of fairly specific questions. I hope it doesn't cause a constant rotation in ministry personnel at the table. The northern health travel grant on page 71: first of all, could you tell me why it is intended to spend somewhere between \$3 million and \$4 million less on the northern health travel grant program this year than last, than was actually spent—not what was estimated to be spent, but what was actually spent?

Hon Mr Clement: We're going to have George Zegarac take the stand.

Mrs McLeod: I think we are going to go into rotations.

Mr George Zegarac: I'm George Zegarac, executive director of the integrated policy and planning division. I believe on page 71 the note is the \$6.8 million that's in the budget for this year.

Mrs McLeod: That's right.

Mr Zegarac: It has always been \$6.8 million. We've always funded the full travel, regardless of the fact that we continue to fund beyond the allocation. As you know, the government is reviewing the program and will make the adjustments according to any new structures to the program.

Mrs McLeod: And every year I think I ask the question as to why it is not planned to spend at least what the program was costing last year. Can you tell me the status of the review, which I assume is done but has not yet been readied for release by the minister?

Hon Mr Clement: I think I can jump in. Certainly, of course, we had a new context with the Ombudsman's addition to the public policy debate in this area, but I think I can confidently say we're in the final stages of our consideration of the situation.

Mrs McLeod: When would we expect to see a public release of the review?

Hon Mr Clement: I think we will be responding to the review that we have done, as well as the Ombudsman's consideration of matters. Of course, on the consideration of comparing programs, we are now out of the re-referral situation at Cancer Care Ontario, both outside the province and also inside the province, at least to northern Ontario. So in that respect, part of the puzzle has been solved.

Mrs McLeod: But there was a general review of the northern health travel grant program quite apart from the breast and prostate cancer re-referral program.

Hon Mr Clement: That is correct, and we're in the final stages.

Mrs McLeod: You're in the final stages. So can you give me an estimate of when that review might be presented publicly?

Hon Mr Clement: I guess when every "t" is crossed and every "i" is dotted and I feel confident it's the best it can be. That's certainly what our intention is.

Interjection.

Mrs McLeod: We all asked him that question last year, Mr Bisson.

On public health—should I give advance notice of where I'm going so that you can rotate a little more quickly?—I'd like to know what the projected deficit for the public health units is.

My next question will be on ambulance services.

Dr Karim Kurji: I'm Karim Kurji, physician manager, public health branch.

In 2000-01, the provincial payment, which is the interim actual amount to all 37 boards of health, totalled \$186.663 million. The 2001-02 estimates are \$180.17 million, which is \$6.493 million less than the 2000-01 interim actual amounts.

During 2000-01, the boards of health faced some extreme and unexpected pressures that required additional in-year funding—

Mrs McLeod: Sir, I'm sorry to interrupt, because I am interested, but I did read the estimates book, and that's contained in the estimates books. Could you just tell me, in their requests to your ministry this year, what their projected deficit is?

Dr Kurji: We are still in the process of reviewing the budgets that have actually been submitted by the local boards of health. Normally these budgets would have been submitted earlier in the year. We had two health units that submitted their budgets in August, and we're in the process of reviewing those particular budgets. However, I would like to remind you that under the Health Protection and Promotion Act the board of health approves a budget for the delivery of the mandatory public health programs, and it's the municipalities within its jurisdiction that are responsible for the costs. Per policy, the province has been providing grants to offset the costs of the municipalities. The grants are currently 50% of the approved budgets.

Mrs McLeod: This is a question for the minister. Can you tell me what the responsibility of the minister is in determining the implementation of the law—I believe the mandatory programs would be part of what is legally required for the health units to deliver—and why the ministry would be indicating to the public health units that they may wish to consider dropping one or more mandatory programs for financial reasons?

Hon Mr Clement: I can you tell you that from our perspective mandatory programs are certainly ones we feel are particularly important to the public health of the province. We also work with each board of health to ensure they are adequately rolled out as per the circumstances in each area, the ambit of each board of health.

Mrs McLeod: But you would agree that mandatory programs are legally required to be provided, whatever the cost-sharing arrangements are?

Hon Mr Clement: Can you be a bit more specific as to what you're thinking of?

Mrs McLeod: Actually I can't, because I'm not sure which mandatory programs they're being advised to consider dropping, but I know that is advice that was provided—

Hon Mr Clement: By whom?

Mrs McLeod: By the Ministry of Health in a session with business administrators for public health units across the province.

Dr Kurji: To the best of my knowledge, that certainly has not been the advice we have provided to local health units. Under the legislation, they are required to provide all mandatory programs. Indeed, we actually check on the compliance levels through a few mechanisms such as the mandatory program indicator questionnaire that they're expected to fill in.

This may be getting confused, with due respect, with some revisions to the mandatory programs that are underway. In those revisions there are some areas that will get dropped and new areas will be brought forward. But that process is still underway and hasn't yet been completed.

Mrs McLeod: I appreciate that answer. My reference point is a presentation that was done by the Ministry of Health—these are copies of Ministry of Health over-heads—on September 18 in Kingston, in which it was indicated that a potential cost-reduction strategy could be to reduce the scope of one or more mandatory programs or drop one or more mandatory programs. I would ask, then, if there is a contemplated reduction in specific mandatory programs so it's no longer a legislative requirement to offer certain mandatory programs, that that information be provided to the committee so we're aware that there has been a change.

Hon Mr Clement: Sure. I think maybe the slide was a bit inaccurate. If it's a mandatory program by legislation, it's a mandatory program by legislation.

Mrs McLeod: That's why I was somewhat surprised by the presentation that was made, Minister. I would appreciate any further information.

Hon Mr Clement: We'll get to the bottom of that.

Mrs McLeod: On the issue of ambulances, which I think I'll go to next, can you tell me what the severance cost is that has just been experienced for the privatization of the air ambulance—the most immediate one, in the month of September when the air ambulances were fully privatized?

Hon Mr Clement: I can't remember off the top of my head, so I'll ask Mary Kardos Burton.

Ms Mary Kardos Burton: Mary Kardos Burton, executive director, health care programs.

The severance costs for the air ambulance—that decision was just made in terms of the change to the private sector or to change the remainder to the private sector this fall, so the costs aren't in there as yet.

Mrs McLeod: Yes, but can you tell me the cost? The costs have now been incurred.

Ms Kardos Burton: There will be some costs. I don't have those with me.

Mrs McLeod: Is it possible to obtain them? All the air ambulance paramedics were severed. The majority, I understand, have been rehired, but there would be a severance cost that I'm sure the ministry anticipated.

Ms Kardos Burton: The majority will be hired. We'll certainly look into that.

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Mrs McLeod: Minister, the reason for asking the question is that I'm really trying to understand how it could possibly be conceived there is a cost efficiency in privatization of the air ambulance program when you've just paid out whatever significant dollars we can ultimately conclude you've paid out severing people you've then rehired. I fail to see the efficiency—

Hon Mr Clement: The labour cost is certainly one of the components of the cost, but there are also, as a result of the contract, some things that are being brought into our air ambulance program that would have cost the government were it not for the fact it is now being tendered out.

Mrs McLeod: Give me an example of that.

Hon Mr Clement: Yes, by all means. We have some good examples of that.

Ms Kardos Burton: There's an additional helicopter that's been put on in Toronto. There are additional services that are being provided on the ambulances. There's an enhanced service for the air ambulance.

Mrs McLeod: That's interesting, because that's an increased cost, not an efficiency, that you just described. I think what the minister was looking for was where you had made some cost reductions that would give you the efficiencies.

Hon Mr Clement: If we hadn't contracted out, Mrs McLeod, then the government would have been responsible for that directly. That's my point. So in that sense it's not a cost reduction, but it is—

Mrs McLeod: So you are no longer responsible for how many particular aircraft are available for medical emergencies in a given community? Is that how you get the efficiency?

Hon Mr Clement: What I'm saying is that where before, if we saw as a result of demand the need to get a

new helicopter or hire more or add to services, that would have been borne by the ministry. Now it is part of a tendered bid. So in that sense—

Mrs McLeod: But it still is a ministry cost. Unless you reduce—

Hon Mr Clement: We think that can be provided—

Mrs McLeod: There's no immediate saving.

Hon Mr Clement: We think that as a result of the tender, that is provided at less direct cost to the government than the alternative.

Mrs McLeod: That's interesting, because that leads to my next question, which was the unavailability of air ambulance in Sudbury this weekend. I would be very interested in knowing why the backup helicopter, which was mentioned, is now based in Toronto and why that now leaves Sudbury, which would have had backup air ambulance service over the weekend, without service this weekend. Is that because it was part of the contract that any backup services would be provided out of Toronto at reduced cost to the private operators?

Hon Mr Clement: I'd have to look at the situation. You've thrown me for a loop.

Ms Kardos Burton: We'd have to look into the specifics around the Sudbury situation.

Hon Mr Clement: It's the first I've heard of anything in Sudbury. I'll have to look at that.

Mrs McLeod: I would appreciate that, and I would further appreciate understanding how the government sees itself paying less for the air ambulance service—ie, finding efficiencies—when you've just paid a yet-unnamed but significant sum in severance costs. Presumably—

Hon Mr Clement: That's a one-time cost versus the cost over the period of the contract.

Mrs McLeod: So we would expect to see some increased funds for this budget year, even though they're not in the current estimates. Somewhere along the way you have to be anticipating some reduction in costs through the tendering process in order to find these so-called efficiencies and to warrant even a one-time severance cost. I will appreciate knowing where those efficiencies will be found, because the first weekend of the operation gives some of us in the north cause for concern about how adequate the service is going to be under the privatized system.

We've been waiting for standards for land ambulance services to be put in place. The standards were supposed to be done by July. Are the standards in place?

Ms Kardos Burton: When you say standards, what are you referring to specifically?

Mrs McLeod: The standards for response times.

Ms Kardos Burton: There are a number of activities going on in terms of response time as well as standards. You'll recall that the funding for ambulance services is being done in phases. The first phase was deciding, with the municipalities, what in fact are approved costs. We've done that, and we've identified that.

The second phase is response time. What we're currently doing is working with the municipalities to

identify what it would take from them in terms of meeting the current response times. Those are underway right now.

In terms of standards, the response time standard is a standard which I know you know, based on what it was in terms of 1996. We have a standards committee with the ambulance steering committee that has to look at all standards.

The Chair: I'm going to have to ask you to wrap up that question. Mrs McLeod, I apologize for not giving the warning, but I gave you a little bit extra to get that finished up.

We now turn to the third party. Ms Martel.

Ms Martel: Minister, because you spoke again about the flu vaccine, I am compelled to return to our proposal for meningitis vaccine province-wide, because I'm not convinced the province is doing enough in this regard. I listened carefully to the answers that were provided but note that two provinces have gone ahead on their own with provincial programs, a significant investment, without some of the federal discussion being complete. I do think, as well, that you need to consult some other experts in this regard, not solely the expert whom you are consulting with, so I ask you to consider the following. Dr Gold, who was supportive of this proposal, was at our press conference, I believe has written to the ministry to express his support, would be an expert whose advice I think you should seek in this regard. His credentials are quite outstanding, and I'd like to repeat them again, because I was reading them into the record at the end of the day and I want to make sure they got on the record. He is a medical adviser for the Meningitis Research Foundation of Canada; professor emeritus of pediatrics, faculty of medicine, University of Toronto; former head, division of infectious disease at the Hospital for Sick Children. He has a great deal to offer in this regard, tremendous expertise, and I would ask you if you would now consider soliciting his views with respect to a province-wide program as well.

Hon Mr Clement: Well, you know, we're always open for business, so if he has a perspective—you said he has communicated with us?

Ms Martel: I believe that he has communicated his support of this to the government. We will obviously check with him again and, if not, make sure we get a letter to you on this.

Hon Mr Clement: Sure, I'd appreciate that.

Ms Martel: I do think we can do more, and I think this program can be as successful as the flu vaccination programs is. Thank you.

Mr Michael Prue (Beaches-East York): I have some questions on a subject near and dear to me in the riding, and I see Gail Paech here. It's good to see you again. I guess it's probably near and dear to you. It's about the Toronto East General Hospital and the new wing that's been built. You were there at the opening, and it was right there in the local newspaper, the wonderful new opening but with no funds to keep it going or actually to staff it up. It's still very much that way. It's a brand new

beautiful wing with 75 complex continuing care beds and no staff in it.

Also, Wellesley Hospital is being closed because of the restructuring plans and it's estimated that 14,000 patients per year will be going to Toronto East General Hospital. My question is, when are there going to be sufficient funds to operate it?

Hon Mr Clement: I recall signing a funding letter a few weeks ago with respect to Toronto East General, but I'll leave it to Mr King to provide the details perhaps.

Mr King: We have been working very closely with Toronto East General, as well as a number of the hospitals still in the province with respect to their funding rollout for this year. I think you'll find, with the recent funding announcements that have been made, that Toronto East General should be able to work within that funding allotment. I can't say that they can open up fully the 75 complex beds, but they are working through to see what part of that operation they can operate this year. So dollars have gone out, as the minister stated, to Toronto East General for the operation of that wing.

Mr Prue: OK. I'm given to understand that it costs about \$9 million to operate that wing in operating per year and the announcement that was made two weeks ago was for \$2.7 million for current patient services and \$4.5 million to operate the complex continuing care beds in the new wing. I'm new to all this: is that \$4.5 million out of the \$9 million or is that \$7.2 million out of the \$9 million?

Mr King: I don't have the exact numbers, but that was based on the cost of operating that for part of the year rather than the full annual funding that normally they would use.

Hon Mr Clement: So when you annualize it, it would be more.

Mr King: I think you will find with Toronto East General—and of course I don't have all the numbers in front of me, so I have to apologize—in the recent week the president of that organization indicated that they will be able to operate within those dollars of the minister's announcement for this year.

Mr Prue: The whole J wing?

Mr King: I can't tell you exactly how many beds are opening this year, but they have told me that when these dollars the minister has assigned have gone to them, they will be able to manage within their program volumes for this year.

Mr Prue: Again, I'm trying to understand this. There's a brand new wing that has 75 beds in it and some monies are going to be given, but that is not necessarily going to open all of the 75 beds. Have I got that right?

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Mr King: I can't specifically tell you how many beds are opening this year. I'm happy to come back with that information. As far as I understand—and I dealt with Toronto East General; I don't deal with every hospital directly but lately we have dealt with them—the dollars announced by the minister will provide for the programs that they wanted to open in that new wing.

Hon Mr Clement: Based on their submissions to us as to what their plans were.

Mr King: But specific beds being open and that, I don't have that. I'd have to get back to you on that point.

Mr Prue: When is that money going to be made available? Because in my discussions with them—granted it was more than a week ago—nothing had been forthcoming up to that point.

Mr King: We always have the letters go out to the organizations. The money flows probably by the end of the month or within the month. When the minister signs something, they're guaranteed that the money will flow.

Mr Prue: All right, the money will flow, but the hospital board of directors then can assume that sometime by the beginning of November that—

Mr King: That money should have been received by the beginning of November for sure.

Mr Prue: So, therefore, it will be open for two months this year and the following three months of the fiscal for next year?

Mr King: It's just not a matter of funding a program. Then they need to recruit and it takes some time to open. That's their business of when they open that program, but they have received assurance from us through the money that was provided.

Mr Prue: Thank you.

Mr Gilles Bisson (Timmins-James Bay): I've got three or four questions, and I'll try to keep it as short as I can for the time we have.

The first one is on audiology services. I've been getting faxes, I've been getting e-mails, I've been getting letters, phone calls by a fairly large number. I'd say when this came out there were probably in the neighbourhood of five to 10 phone calls, faxes or e-mails a day, and since then we've collected probably over a hundred just in my riding alone. Here's just one of them because I think it's topical to this. Mrs Greco out of Timmins sends me the following e-mail:

"Dear Mr Bisson:

"I'm concerned about the withdrawal of OHIP funding for hearing tests and other audiology services. I believe that a child's hearing is important to their learning and development. My three children have had many ear infections. From August 1996 to June 1997, one of them had had four ear infections. From January 1995 to September 1998, he was on antibiotics another 11 times probably for ear infections. They've had tubes in their ears at least two times, and my third child has had tubes a few times. For the first years of his life, one of my children had more periods with some degree of hearing loss than periods of hearing with normal limits. They have had all at least 10 hearing tests."

It goes on and on to talk about the types of things that her family is going through.

I've got a letter from the Cochrane District Early Childhood Speech and Language Services that says:

"As a member of the local provincial preschool speech and language initiative in the district of Cochrane, we are writing to express our concern regarding a recent OHIP

funding decision made by the Ministry of Health. This decision has severely restricted the preschool children we serve from access to audiologists. New OHIP rules have not only delisted hearing aid evaluation and re-evaluation but have also made OHIP-funded services from audiology virtually non-attainable."

They go on to make the point that you can't get services now because we're in an underserved area. Kids are going to go without services and, as a result, if those children aren't attended to in the early years, it's going to cost us much more money in the later years when it comes to what it means for their education and others.

So I want to know from you, what are you prepared to do as the Minister of Health in order to restore services so that people are able to get the type of services they need when it comes to hearing tests, not only in north-eastern Ontario but across the province?

Hon Mr Clement: I can certainly give you a couple of assurances, Mr Bisson. First of all, the hearing tests are still available via qualified physicians and audiologists who work with those physicians. They are paid for by OHIP under the rules that have been in place. There are also audiology services that are available via hospitals and means such as that, so that has not changed.

I believe we also made some special arrangements in some areas of the province where there was a concern about accessibility. Perhaps somebody can remind me as to what specific areas of the province that took place in, but it did take place.

Mr Bisson: Minister, I appreciate what you're trying to say, but just because of the time that we have—you understand the issues: our hospitals are plugged up for waiting lists, they can't get in. We don't have doctors in many of our communities, because they're underserved. We don't have ENT specialists in most of the communities. The only way you're able to get service is through the service of audiology clinics or somebody who is in that line of work. That's the issue. They can't get to them because you have delisted them. If you ain't got doctors and the waiting lists in the hospitals are too long to get into, what are you going to do for the kids in communities like Hearst, Kapuskasing, Timmins, Dryden and a whole bunch of other communities that don't have anything else?

Hon Mr Clement: I would say this, Mr Bisson. I'm not trying to pick at nits here, but they were not delisted, they never were listed. That's been the case for 30 years. What we are doing is making sure that listed services are available by those who are listed.

Mr Bisson: But, Minister, you were paying the bill. In fairness, the bill was being paid. It was being covered by OHIP. Now people have to pay and they're not going in.

Hon Mr Clement: I think it's fair to say that we will still cover the bill by OHIP if it's done through qualified physicians, ENT doctors or audiologists working with ENT doctors. There are ways to get this done. There were some specific arrangements that were made in some specific areas of the province.

Mr Bisson: Listen, we can go around this—

Hon Mr Clement: Would you like to hear the details on that?

Mr Bisson: I want something from you that's going to say that if you've got a parent somewhere in northeastern or northwestern Ontario who needs services they're going to be able to get those services from the audiologist. We ain't got the specialists, we ain't got the family doctors, and the waiting lists are backed up when it comes to services out of the hospital. I realize what you're saying is that they weren't listed before, but the ministry was paying the bill and now people are going without.

The problem we know is that if we leave those kids unattended, if we don't catch the problem soon, it's going to affect them in their later years when it comes to their ability not only to cope in society but when it comes to education, and you know that's going to cost us more money. I'm trying to say, can you do something, especially in underserved communities, to cover the bill so those kids can go to the audiologists?

Hon Mr Clement: Can I ask Ms Fitzpatrick on the specifics?

Ms Susan Fitzpatrick: Susan Fitzpatrick. I'm the director of the provider services branch. One of the changes made was that basic hearing tests can still be delegated by a qualified physician to an audiologist. It doesn't have to be a specialist.

Mr Bisson: It ain't the physicians. That's the problem. What do you do if you're sitting in communities like Smooth Rock Falls or a whole bunch of other communities across the north that don't have the doctors?

Ms Fitzpatrick: Prior to the changes, the changes were all paid through the physician's schedule, so what I was clarifying is what the changes were. There are still provisions in the schedule to delegate services to audiologists by GPs and specialists. It isn't just ENTs.

Mr Bisson: But you have to have a referral and they have to do it within a doctor's office. It's the same stuff you're doing with the—

Ms Fitzpatrick: It's a delegated procedure under the physician's schedule.

Mr Bisson: That's right. We understand that.

Ms Fitzpatrick: As the minister said, there is no direct funding for audiologists. So all we've changed is the provision under the physician's schedule.

Ms Martel: No, it's more complicated than that, because audiologists could work in their own private practices and people did not have to have a referral.

Ms Fitzpatrick: But that was not a legitimate billing practice for the physicians and we made a number of referrals—

Ms Martel: It went on for 33 years. For 33 years you let it go. Come on.

Ms Fitzpatrick: We made approximately 20 to 30 referrals to the medical review committee on it. It was not allowed under the schedule and that was communicated very clearly. So physicians and audiologists knew that.

Ms Martel: And for 33 years the ministry has allowed this practice.

Ms Fitzpatrick: We have not allowed it. Every time we have seen it, we have taken care of it.

Hon Mr Clement: You shouldn't say that it's been allowed, Ms Martel. That's a bit of a stretch.

Ms Martel: But they've been paid.

Hon Mr Clement: If you have a particular concern in a particular community, Mr Bisson, I'd be happy to take a look at it to make sure we're being fair to everybody.

Mr Bisson: All right. We will bring those to you.

The other thing I want to bring is on the issue of the CCACs. I know where we're going to go; we're going to get into another one of these discussions. But the problem we've got is that the CCACs have had their budgets frozen for a number of years now, as you well know—

Hon Mr Clement: That's not true. They haven't been frozen for a number of years, sir.

Mr Bisson: Well, go tell it to the CCACs, tell it to the patients. The point is that we now have in our community, as in a whole bunch of other communities across the province, CCACs that are not able to respond to the needs of the people in the communities. In our particular case, in the city of Timmins and the Cochrane district, I've got a number of seniors now who are contacting us and saying, "My services are being reduced." What we're being told by the CCACs is they don't have the money to meet the demand and as a result services such as home care and others are being reduced. In the case of new people going into the system, the CCACs aren't even offering the services at all.

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I've got one woman, Gina, who called my office on October 9 in a complete panic. She calls up and talks about her sister, who lives down in Downsview. She was told that her sister in Downsview had been in the hospital for five weeks. When she returned home, she needed home care to stay independent, because that's what she used to have before—nothing, zero, a 100% cutback in her services. This woman can't live alone on her own. We're forcing her to go into an institution, and that's much more expensive. So on behalf of her and on behalf of people like Madame Plouffe in the city of Timmins and other people I've had to deal with, are you prepared to make sure that the CCACs get the type of funding they need to provide the services so seniors can live at home with dignity in their own homes?

Hon Mr Clement: Certainly we would all like to see that. I can say to you, Mr Bisson, that the Cochrane CCAC has seen an increase in home care funding by this government to the tune of 21% since the 1994-95 year. From our perspective, we have to review all of the aspects of CCACs: resources, how those resources are allocated, how they're managed, how the standards are set. All of those issues I think are important to make sure that we get the 21% increase in your community to the people who need it and to provide the services that are necessary. So your support of that process would be most appreciated.

Mr Bisson: The problem is that when you talk to the CCACs, not only in our area but in other places, they're

telling us the complete opposite of what you're telling us now. They're saying, "We don't have the resources to be able to provide the level of service that we know we need to provide to our communities." In Sudbury—and I'm sure Mrs Martel can elaborate—the CCAC there is at its wit's end trying to deal with the demands in the community. They've had to resort to a number of different things as far as reducing services to stay within their envelope; the same thing in the city of Timmins, in Downsview. All across the province, you've got people who either can't get any services, especially if they're new patients coming into the system, or, in the case of existing patients, are having their services reduced.

I met with Mrs Plouffe in the city of Timmins a couple of weeks ago, and she has had her services reduced. It means for her that at some point she's going to have to make a decision about whether she stays at home or goes into an institution. She doesn't want to go; she wants to stay at home. That's where you want her, that's where I want her, but we need to have the support.

Are you prepared to give the CCACs what they need to be able to make sure that people like Mrs Plouffe and others—

Hon Mr Clement: I can't discuss the particular circumstances. There are some people who of course we would like to see stay at home for as long as possible. There are some people who quite frankly need such an amount of institutional support that it makes sense that it be provided in a place other than the home.

Mr Bisson: Nobody argues that. There comes a point when people need to go into an institution, we understand that, but what we're saying is that a lot of people who don't need to be there, who want to stay at home, are being forced to make that decision quicker—

Hon Mr Clement: That's the frustrating part about this area, Mr Bisson. I can tell you that overall in the province funding for home care has increased by 72% since we were elected. Part of what we want to do together is to make sure the money is spent in a way that provides the results you want to see.

Mr Bisson: We'll bring the specific cases to you, and we'll see if we can do something—that commitment?

Hon Mr Clement: Minister Johns is the one on the case, so I'd be happy to pass it on.

Mr Bisson: Can I have whoever's responsible for the Moosonee-Moose Factory hospital issue in regard to the transfer from the federal to provincial statute, the hospital? There's a federal hospital up in Moose Factory.

Mr King: Yes, it's dealt with by two divisions at the ministry.

Mr Bisson: Can you just give me quickly where you're at with that? I understand what's happening at the local level. We don't need to go through that. I just want to know from the province itself, have there been any approaches from the federal government, and where are we in that process?

Mr King: If I recall, we're still in the process of negotiations with them. We have not finalized those arrangements, but they are going well. There are no

major concerns. One of our divisions in our northern office is handling that specifically, but I can get back to you on the specifics of that. But there are no concerns with the transfer.

Mr Bisson: Please, if I can get that. The only point I want to make is, and it's important to the First Nations, can you make sure the federal government doesn't get off the hook and that the money they are going to be saving when it comes to what they don't pay for hospitals they put back into the system for long-term-care services or whatever we need in those communities?

The Chair: Thank you, Mr Bisson, for making that final point. We now turn to the government caucus.

Mr O'Toole: I have just a couple of questions following up on some of the previous questions I've heard, and not specifically to my own riding in all cases. In a general sense, the Health Services Restructuring Commission, which arguably some could say was started by the NDP when they looked at the acute care study, basically that's the foundation starting point for looking at beds per population and trying to drive services closer to patients' needs, which I commend as a very important vision for patients first. We're working through that, as we have just talked about, at Lakeridge. I'm happy to say that there will be enhanced services closer to home for patients when all of the wrangling is figured out.

One of the questions that was asked by the NDP which I think is important is, once we get the capital dollars figured out—these are at the macro level that I'm looking at—the health services restructuring commitment by this government for the province of Ontario was what amount? How many billions? Part 2 of that: what's the anticipated operating cost?

I know a particular hospital in Durham has moved up to, I think, a \$175-million annualized operating budget, something in that order. What do you see the impact for health services restructuring on the operational level? What's the cost of adding this capital part called health services restructuring and the operational part?

Hon Mr Clement: Can I ask one question, Mr O'Toole? Do you mean the original cost, the capital cost as identified by the HSRC, or do you mean that cost plus what is now committed to? The cost has increased substantially.

Mr O'Toole: Yes, because every site has their, "Well, what about the elevator?" or "What about the plan here?"

Hon Mr Clement: "If only the commission had understood this about our hospital."

Mr O'Toole: Yes. You can answer it in two parts, because it was part A which was answer 1, which means it went from this to this, and the operating side will of course go from this to this. It's the back rolled number I want, really. What's the capital and what's the operating impact?

Mr King: Paul will give you the actual numbers on the capital, and then we can talk briefly about the operating implications.

Mr Clarry: As we discussed earlier, the commission itself, the HSRC, estimated total capital costs of its

directions at about \$2.2 billion. The ministry currently has approval on a multi-year capital funding plan totaling \$2.45 billion. That's based on an estimated project cost for all of its directions somewhere between \$3.4 billion and \$3.5 billion, and the hospitals would have to make up that roughly \$1-billion difference.

Mr O'Toole: That's the macro on the capital.

Mr Clarry: As the minister pointed out, some hospitals that are still planning are looking at costs even beyond that plan, and part of the due diligence that we're working on is to make sure that we fund only the appropriate level of capital, and if we do need more funds, we need that information.

Mr O'Toole: I could go into the minutiae there and say that the rurals get better support than the urbans based on assessment or growth. I don't want to bother going down that road; that's a bigger issue.

What is the operational impact? That's the deal. We're about eight-point-something today.

Mr King: Today we're at \$8.6 billion for hospital operations. I will tell you that that's not an easy question to answer. We have to take each individual project and work through the implications of the commission direction. Each year we're adding additional beds, whether it be complex continuing care, acute, rehab. They're funded on an annual basis, but for some of the out-years we're still working through the process. Each project has a post-construction operating budget being developed for their operations. It would be difficult for me, Minister, to come out with a number right now on what that impact would be on all of the hospitals under review right now.

Mr O'Toole: There would be tremendous pressure. We've heard several Premiers talk about how much of the total budget is health care, and ours is going up at a fairly rapid pace, and the debate is out there whether it's under the Senate review or Romanow. All of them are talking about how we're going to pay for it. I think all of us here from all parties need to pay attention to what services are provided where and who pays for what services. It's an important debate, and we need to make sure we find solutions.

I know the \$8.6 billion will probably be \$10 billion. Where's that \$2 billion "operational" coming from? Good luck. The solution I hear from the Liberals is to increase the taxes, and from the NDP it's just to spend the money, it doesn't matter. We're a government fundamentally based on accountability. We've got to really narrow in and focus down. It's a very difficult decision. It's going to take very fiscally focused leadership.

1650

My part two question was to follow up on the CCAC funding. The CCAC funding is a very important issue. I've looked at the increased grants for Toronto and the relationship. What I'm trying to find out is a formula here on a per capita basis. Is that what we're moving to? All new funding is supposed to be shared on an equitable basis. I know we're a high-growth area—Durham is the

largest-growth area in the province—and we don't want anything more than our fair share.

There are two requests here. One is a list of all the CCACs, total dollars, per capita dollars. Do we have that available? That would be easy: there are 43 CCACs; here's the population; here are the total dollars; here are the per capita dollars. We can do all the minutiae on how many over 65 and all that kind of stuff. I'm sure it all works out in the statistical model somewhere, doesn't it?

Mr John McKinley: John McKinley with the health care programs. The analysis of putting together a per capita thing will show tremendous differences between individual areas because the content of the population varies drastically across the province. You may see a great variation in per capita numbers, unless you adjust them for the age/sex characteristics of the individual population. That's what the equity formula does. It makes that adjustment so there is a fair way of allocating the funding. That's what you see in the table, appendix—

Mr O'Toole: I'm having some trouble with that table, appendix 3, equity at \$0.041 million cut to—

Mr McKinley: If you look at appendix 4, the last page, it shows how we allocated the equity funding allocation over the three years.

We can take you back to the details of the formula, but it's basically saying as we adjust every population for the content of the different gender, the different age cohorts in there or the different home care utilization, we can predict how much the same amount would be across each geographic region. That's what this equity formula does. It adjusts for all of the different characteristics of the population we have found to be part of the cost drivers for home care services.

Mr O'Toole: I don't want to go on with this, but I do want to establish a point. For us as front-line—for lack of a better term—marketing or salespeople—maybe that's tokenizing our job too much. But what I would say is that we have an important job to communicate fairly boiled-down information, little nuggets. There must be in all these statistical models some number; taking out all these anomalies and saying the number is roughly \$10 per head or whatever it is. Of course, there are going to be rare exceptions. If we can show there are a lot of brain injuries in a certain area, whatever the age group or something, it would be better off to explain what the core number is and then say for all of these anomalies, like when 20% of your population is over 65. Can we do that today, provide a number that says this is the template that we work to?

Mr McKinley: There isn't a number that I can give you right off the top of my head that will work easily.

Mr O'Toole: Then I don't have any confidence in it. We're out trying to explain to people who are elderly or looking toward retirement—and they may even relocate. How are you going to track all this stuff when everybody wants to retire in my area? And I'd encourage them to. Durham is a beautiful area. Have you ever been there? Seriously, there are a lot of retirement communities being built. They're going to actually expect the services to

move. Do you understand? If you're going to do these demographic models, age/sex models, and they're going to all move to my area, I want to know the core number and what you're using as forecast templates, boilerplate.

Hon Mr Clement: We're going to have to get back to you.

Mr McKinley: We can get back to you, but the idea is that the funding follows the patient here. If in fact you do get an increase—

Mr O'Toole: Once you've identified—

Mr McKinley: It's an allocation methodology. It takes a defined pot of funds and allocates it fairly across the province. As your population grows or changes or if the demographics show the older population is greater and there's a greater need for home care services, then you're entitled to a greater piece of the equity allocation. That's the way it works. It is a little bit difficult to communicate, but it is a much fairer way to allocate the funding to the geographic regions of the province.

Mr O'Toole: It's going to be a tough one. I guess the expectation level, if you looked at demographics and David Foot and all his models, you say, if we don't focus in on what the entitlements are—we're now training people "To get your lawn cut, just move to my area and you get your lawn cut." That's not on.

Let's define what the bundles of deliverables are, however tight that is. I'm just a citizen. In fact, I'm 59 so I'm moving toward that. I want to find out where the best funding is because I'm moving there. It could be Windsor—well, I wouldn't move to Windsor; the reputation there is—in all seriousness, what I'm trying to find out is, are we moving toward an equitable funding?

Mrs Sandra Papatello (Windsor West): Your daughter goes to school there, John.

Mr O'Toole: She graduated. Fortunately, she moved. I'm not serious.

Do you follow me, if I were to say in five years the funding will be equitable?

Mr McKinley: That is the goal of the funding allocation, to move over a multi-year period of time over the investment the government has committed to, to have an equitable distribution of funding in five years.

Mr O'Toole: And the date? September 2002.

Mr McKinley: No. I can't remember what the last year of the allocation is.

Mr O'Toole: We have a goal, though. We measure everything. What's the goal here? Is it 2020?

Mr McKinley: We can get back to you on the date of the commitment.

Mr Miller: Mr Chairman, I have a question, if I can, just a clarification on conflict of interest. The West Parry Sound Health Centre administers the community care access centre in that area. They also, in the new hospital, have plans to run the long-term-care facility. It's their understanding that they need a separate organization, a separate board, to run the long-term-care facility because of conflict-of-interest guidelines. So they've created Lakeland Long Term Care Services Corp to run the long-term-care beds within the new proposed hospital.

Apparently, somebody on the board received a response from the ministry questioning that, and so I was asked by the administrator, the chief executive officer of the West Parry Sound Health Centre, is this new board required for the ministry's conflict-of-interest rules? They prefer not creating a new board, if possible, but it's their understanding that they do need to create this new board to administer the long-term-care beds and, as well, the hospital and CCAC out of the same body.

Hon Mr Clement: Gail Paech might have some particular detail about this situation, I'm hoping.

Ms Gail Paech: Gail Paech, assistant deputy minister, long-term-care redevelopment. If I'm understanding your question correctly, and from memory, what we were recommending to the hospital was that they create a separate organization so that they could operate it as a long-term-care facility and not run into the problem that if it was a joint hospital/long-term-care facility they would have to pay the salary and wages that the hospital pays hospital personnel.

The funding that is given to long-term-care facilities is less than to the hospitals, and so this is a way that enables them to live within the allocation that is given to them for their long-term-care facilities. Otherwise, they will be paying hospital wages and rates and will be funded at long-term-care wages and rates, and that will create a problem for them.

They are able to do this because this is a new long-term-care facility. They have not been in the business previously and so they do not have that historical relationship. We do have facilities that are being caught by this and that will create financial difficulty for them in the future.

Mr Miller: So it's not about conflict of interest, it's about saving money, really?

Ms Paech: It's living within the allocations that you are being given by the Ministry of Health.

Mr Mazzilli: I have a question, Minister.

We heard, I believe yesterday, from the Prime Minister that he has committed Canada's resources to this war on terrorism, and along with that made some commitment of equipment and personnel. On the equipment side I don't know what he has to offer, but on the personnel side there are many medical practitioners in Ontario who have ties to the armed forces. I know that because I have spoken to many in the past in hospitals—surgeons, psychiatrists and so on. Do we have any idea, if those medical practitioners are called upon to serve, how many we're talking about in Ontario?

1700

Hon Mr Clement: That's a good question. I don't know the answer to that.

Mr King: I think some of the professional associations did take a record of those individuals who were willing to serve if they were called upon to go, but most of the individuals we're dealing with here are with the armed services, the federal resources. So they are under that regulation right now and they are still working in the armed forces. We do have a number who are working in

our hospitals, but they are doing that more for their ongoing credentialing and their ongoing work experience. Are you specifically referring to the Canadian Armed Forces?

Mr Mazzilli: Yes. Some may have commitments they need to live up to, depending on where they got their training or who paid for their training, some of those issues. They may have worked their way through the system. Some are in hospitals; the question is, how many, and whether it will have a significant impact or a minor impact if they are called upon to fulfill their obligations with the Canadian Armed Forces.

Mr King: We can certainly get back on that question of the numbers, but of the Canadian Armed Forces and their impact on the provincial resources, it would be minimal, because many of them don't even practise in our hospitals; they practise in their own settings and their own clinics right now. Some of our hospitals have specific relationships right now with the armed services that allow them to operate on their personnel in our hospitals, but they're kept quite separate. Their personnel cannot just operate in any of our hospitals without regulations through our own colleges here.

Mr Mazzilli: On another issue, if I can go back to the ambulance situation—I know it was approximately four or five days ago since I first brought it up—have there been any decisions made on ambulance funding or ambulance applications that have been submitted to the ministry since I last asked the question?

Hon Mr Clement: I think we're still trying to finalize the decision.

Mr Mazzilli: I'll be waiting for that as soon as it comes available.

In relation to the fact that 44% of all spending goes to health care in Ontario, what range are other provinces in overall, assuming they have balanced budgets? Let's go to a balanced budget situation. What percentage?

Hon Mr Clement: I've heard numbers in the range of 40% to 45%. We're in the upper end, quite frankly, which befits the increase in spending we've had over the last six years in Ontario. For instance, my counterpart in British Columbia has announced a three-year freeze in spending for all health care. They're flatlining it for the next three years because in his particular budget he's got a deficit of \$400 million, which is part of the multibillion-dollar deficit that was left by the NDP in British Columbia. That's one example of how another government is tackling some of the sustainability issues. Of course, we didn't have a freeze this year; we had an increase of 5.6%, 5.4%, somewhere in that range.

The Chair: That completes this part of the session. We now turn to the official opposition. This is not a game show but we are into the hurry-up rounds, I guess. We have approximately 10 minutes each. I actually have to make a small time adjustment with the official opposition, but it will be painless because we went a little bit over the last time. We'll start with Ms McLeod and each party will have approximately 10 minutes.

Mrs McLeod: My first question is on drug and alcohol addiction programs. I have a number of letters from drug and alcohol addiction centres that are concerned that the \$5.2 million that was given in one-time funding last year is not being renewed this year, and yet the estimates books are showing an increase of some \$7.6 million for these programs. Can you explain why they would be losing the \$5.2 million in an overall budget increase year?

Hon Mr Clement: I'm not sure about the estimate books, but I can tell you that the \$5.2 million was always intended to be a one-time-only 2% announcement. I've made that clear. I am in the midst of arranging consultations with the stakeholders in this area to talk about the future and how we can be helpful in the future. But that's the situation for this year.

Mrs McLeod: This is going to be a series of quick questions. Can you explain to me why the ministry would have decided to contract out the examination of laboratory technologists, not respiratory technologists, to the Ontario Medical Association when that's under the mandate of, and I understand is being done by, the college?

If there's not an almost instant response, Mr Chair, would I have the luxury of being able to table the question for a written response?

The Chair: It would be referred to the ministry. Is that acceptable?

Mrs McLeod: Thank you very much.

I was looking at the response to questions that were tabled at the last meeting and I did note that there was some attempt to explain the delisting of G-code clinics for physiotherapy by saying that there was a lack of clinical evidence to support the value of the G-code clinics when delegated by a physician to untrained staff. That's the first indication I've ever had that G-code clinics were actually—where service was being delivered by other than trained physiotherapists. That certainly wasn't the experience of the communities that I was aware of. Do you have evidence that these actual physiotherapy services were being delegated to people who were not trained in physiotherapy?

Hon Mr Clement: Were these the questions and answers that were tabled today? I'm sorry.

Mrs McLeod: No, I think they were tabled the last day.

Ms Fitzpatrick: This is Susan Fitzpatrick of the provider services branch. That came from a recommendation from the OMA; that was from their central tariff committee. It was what physicians had reported to them, that in a lot of the clinics they were running they were delegating the services to untrained staff.

Mrs McLeod: You don't actually have evidence of communities where that was happening?

Ms Fitzpatrick: No, we don't have details on it. It was a recommendation that the OMA had put forward.

Mrs McLeod: I'm going to table a number of questions that I think will be for tabling, if I have your agreement to that, because they're specific financial questions. In tabling these questions, I have made a real

effort to sort it out in the estimates books but I just can't quite figure it out.

The first is an explanation of the \$72-million reduction in related emergency services under the ambulance section.

The second would be—and this is probably a quick answer—the \$44 million in community mental health programs. It's a multi-year program. Do you know how many years that is to be funded over?

Hon Mr Clement: Did you want us to—

Mrs McLeod: If that's not immediately available, I would appreciate it being tabled.

Hon Mr Clement: Yes, we'll get back to you.

Mrs McLeod: I tried to sort out the divestment question. From the psychiatric hospitals, five of six have now been divested. What the transfer of funds is from those hospitals in terms of their existing budget dollars and their immediate past budget dollars and how much of those budget dollars has actually been transferred to the hospitals that are accepting the service, if I could get some figures on that. What I'm obviously looking for is that I want some evidence, which I can't find in the estimates books, that there has not been an actual reduction in dollars. What I find in the estimate book is overall a \$13-million reduction, year over year, in mental health facilities.

Mr King: I can get those numbers for you. What's happening here is there are some one-time costs that are coming in year after year as we divest.

Mrs McLeod: I appreciate that.

Mr King: But the full budgets are moving over to the host hospitals. That will be shown in the other line of the operation of hospitals.

Mrs McLeod: I think that's the line where I am picking up a net reduction of \$13 million at the bottom of the page.

Mr King: It could be from some one-time, but we can show how the divestment went and how the dollars did flow to the host hospitals.

Mrs McLeod: If you could attempt to do the same thing for me on land ambulances, because I really struggled to sort out the divestment costs, the severance costs, the one-time-only costs and come up with a figure—

Hon Mr Clement: Air ambulance, Mrs McLeod?

Mrs McLeod: No, land ambulance, in this case. You've already undertaken, I believe, to get the air ambulance severance costs. It's difficult to work with because you haven't yet negotiated the response time standards or what it's going to cost municipalities to get up to the 1996 standard. I appreciate the difficulty. What I don't know is what's in the estimates book, what you've estimated in terms of separating out the expected severance costs, because there's clearly a reduction in that, having transferred in January. There are figures here related to response time commitment, but I'm just looking for, how much is the ministry's cost now for the response time standards this year, and what's the municipal share of that, if that's suitable?

Do I have another minute?

1710

The Chair: You have two more minutes.

Mrs McLeod: There's an indication here that there will be an \$8-million increase for laboratory services in this year. Can you tell me what the status is of negotiations and/or discussions with the various providers of laboratory services on the whole quota division issue?

Hon Mr Clement: Yes, we've pretty well completed all of that. That's pursuant. That's why it's not completely—

Mrs McLeod: Will there be some change in the current allocations in terms of smaller providers being able to have some allocation of dollars to be able to deliver service?

Hon Mr Clement: I defer to Alison Pilla.

Ms Alison Pilla: I'm Alison Pilla. I'm acting assistant deputy minister for health services division. I'm sorry. Can you clarify your question? You want to understand what the status of negotiations was?

Mrs McLeod: I'm seeing that there's an \$8-million increase in lab services, which I assume is a result of increased volume. That was my reading of it. I'm wondering whether or not there is going to be, as a result of the review of the way in which labs are—because it's done by division up right now. Is there going to be some reallocation among the existing service providers so that some of the smaller lab operators are able to benefit from some of this increased volume in their own operations?

Ms Pilla: You made reference to negotiations with the lab providers. We had been in discussions with the OAML on lab services, and we do have an agreement with the OAML that will provide some extra funding for lab services, I think both for new tests and to recognize utilization. The industry itself works under a corporate cap and there are individual caps within that. But the specifics as to sort of how that's divided out, right now I don't have that. I could undertake to see if we could make that available to you.

Mrs McLeod: If you could, I would very much appreciate that, because there's obviously a lot of concern when you're working with individual caps as well as a corporate cap. It has a very direct effect on business operations as well as the—

Hon Mr Clement: They should be aware of it in the industry because of the agreement that we've signed. But we certainly could make that available to you.

Mrs McLeod: I would appreciate that.

The Chair: I think those were a well-filled eight or nine minutes. Now to Ms Martel in the third party.

Ms Martel: Minister, I'd like to thank the staff for the responses that came in from questions last week. Let me go back to them because, as I look at Appendix 4, Equity Funding Model Allocations for Manitoulin-Sudbury, it shows zero all the way through the piece, which I think would support the concern I raised that in fact Manitoulin-Sudbury have not received equity funding despite the promise that had been made by Cam Jackson in 1998 for this to start in 2000. Am I correct?

Hon Mr Clement: It certainly appears that way, but John McKinley is going to—

Mr McKinley: John McKinley with health care programs. Yes, the allocations that you see there are the distribution of the funding that was actually provided under the equity funding allocation. The reason why Manitoulin-Sudbury was not eligible for funding is that, when we review the equity funding model every year with new demographic information, the difference between regions changes year by year. So there is a chance that some geographic regions that would have been considered eligible for the equity funding under the first run of the model—as population changes, as demographic changes occur, we incorporate that information into the model.

Ms Martel: If I might, the minister responsible for seniors, on August 27, 1998, made a very specific commitment with respect to equity funding for Manitoulin-Sudbury. The commitment was that beginning in the fiscal year 2000-01, they would receive equity funding for the next five years. It was as clear as that. There was no mention that this was going to be reviewed and that that promise might change based on demographic changes. I can also tell you that the CCAC has never received a letter from the ministry after that to state that in fact that promise was going to be broken if there was a change in demographics. So I am clearly very unhappy about what I am hearing and would say to the minister, this needs to be reviewed. I believe I gave your staff a copy of the letter. It was very clear in terms of its commitment, very clear in terms of its promise, and they have never received information contrary after that to say they would not be receiving funding. So I believe they are entitled to equity funding.

I also believe they should have received this year's and last year's equity funding, given that you told this committee last week that CCACs received equity funding for two years last year. They should have been entitled last year to receive two years of equity funding.

I would appreciate it if you could get back to me with respect to what is going to happen now to Sudbury-Manitoulin. Thank you.

Hon Mr Clement: Let the record show that the minister was nodding his head.

Ms Martel: He said yes. Thank you. And this will be done as soon as possible?

Hon Mr Clement: Yes. As you know, in terms of the CCAC review, Minister Johns is taking the lead on this, so I'll work with her on this.

Ms Martel: Thank you. Secondly, I notice there is no further information with respect to the discrepancy I raised regarding our read of the contract between CCO and the private radiation clinic at Sunnybrook. I'd like to know when we can expect a response to that.

Hon Mr Clement: We have some PHIPA issues, as I understand it, so I think we're still working our way through that because we want to be on the right side of PHIPA. So I think we have a little bit more work to do on that.

Ms Martel: And you will be responding to this committee?

Ms Maureen Adamson: Maureen Adamson, ADM, corporate services. The information that we did table a day or two ago around CCO and the contract is accurate. We did table that.

Ms Martel: This was the very information that I—

Mr King: The contract arrangement we have with CCO has been tabled with you. We do not have access to their contract with the after-hours clinic, so that is the issue at hand. I can't confirm the information you gave us, and we're just working through trying to get access to that information. It's a business arrangement with them.

Ms Martel: I understand that, but it's public money, as I said last week, that's used to pay this contract. I think the best thing you could do would be to release this information to clear the air on this matter.

Hon Mr Clement: Yes, but again let me just state on the record, we're not a party to the contract. Let me just state that for the record. There are lots of contracts by lots of providers to which we are not a party.

Let me also state for the record that we do have a financial arrangement with CCO which presumes the presence of this after-hours clinic. Those financial arrangements are on the record, so we have provided those financial arrangements. Those are the arrangements for which we are responsible. There are other contractual arrangements that have been made between CCO and the provider. Those arrangements we are not responsible for financially, nor are we a party to that. So that's the difference the assistant deputy is trying to draw here.

Ms Martel: But if I might, then, Minister, who is paying for the additional side arrangements made between CCO and this private sector company? CCO gets its money from you. Who is paying for the side arrangements that are above and beyond what was tabled with us?

Hon Mr Clement: I agree that it's a complicated relationship.

Ms Martel: Yes, it is, but who is paying for it is what I'm trying to get at. I read into the record our numbers with respect to the contract.

Hon Mr Clement: I know what we're responsible for as a ministry on behalf of the taxpayers. That I'm fairly clear on, and we've provided that information. Whatever other information we can provide, we will provide.

Ms Martel: If there are discrepancies—and I have clearly said there are, but that might be a separate arrangement between CCO and the private sector company involved—then I also want you to table who is paying for those separate arrangements and the additional funding which I clearly believe is inherent in the contract.

Hon Mr Clement: You have my undertaking to provide what we can.

Ms Martel: Thank you. My next question has to do with audiology. Minister, because you have said to us to bring some specific cases to you, I would encourage your

staff to follow up on a question that I actually raised on this with you a couple of weeks ago.

Hon Mr Clement: This is in the House? Yes.

Ms Martel: Your ministry now has a letter from Dr Karen Dockrill dated September 7, 2001, to Marlene Stein, your speech and audiology consultant in the public health branch. Dr Dockrill outlines very clearly the concern she has with the high-risk infants at Sudbury General who are not being tested as we speak.

I want to say clearly on the record that her solution is to take money which has not been spent from the province's newborn hearing screening program, because the program is not up and running in our district, and allocate it to the screening of these high-risk infants.

1720

I'm making it clear here today, and I've made it clear to her, that that's not an answer for me in the long run. I think the decision you made on audiology should be reversed, because these same children who might benefit by screening, if you transfer money from the provincial program now, are still going to need ongoing screening, and someone has to pay for that when they're out of the infant screening program. It's a very specific case. There are a number of high-risk infants who are at risk, who need to be tested, who are not being tested, and I believe the ministry has to respond to this situation.

Minister, I wanted to ask some questions about an announcement that was made by you on September 17 with respect to medical equipment grants to Ontario facilities that included hospitals, independent health facilities, CHCs etc. I noted, as I looked through the grants, that grants were made to a private hospital, for example, the Shouldice Clinic, and grants were made available as well to independent health facilities. Is that a common practice when the ministry allocates capital funds?

Hon Mr Clement: I would have to say no, because we haven't had this money available before.

Ms Martel: Is this federal funding?

Hon Mr Clement: This comes out of the agreement that we managed to wrestle out of the federal government on behalf of the people of Ontario, yes.

Ms Martel: So this is a new procedure whereby you would fund private institutions.

Hon Mr Clement: You have to look at the two tranches together. There were two tranches of funding. The first one went exclusively to public facilities.

Mr King: The first one mainly went to hospitals, and Cancer Care Ontario and Princess Margaret. That was the main bulk. That was phase 1. This second phase then extended to other facilities in the province.

The Chair: Approximately one minute, Ms Martel.

Ms Martel: My read of it was about \$67 million for hospitals and \$52 million for independent health facilities.

Hon Mr Clement: That was phase 2.

Ms Martel: Can you tell me what the terms and conditions are for independent health facilities to receive this funding?

Mr King: We have very strict guidelines for them. There is a sign-back on all of them for proof of purchase etc that they must provide for the equipment. Independent health facilities provide an incredible amount of resource to the public here in this province, so many of our public go to these for OHIP, through radiology etc. That's why the decision was made to fund them.

Ms Martel: Can you table the template used for the terms and conditions for funding?

Mr King: You mean our actual contract arrangement with them for the purchase of equipment?

Ms Martel: I'm assuming you had a template that is used for the purposes of funding which would outline what their needs were. Are you funding retroactive purchases of equipment?

Mr King: No, it is for new purchase of replacement equipment.

Ms Martel: I'm assuming, perhaps incorrectly, that there are some kind of guidelines that are being used generally.

Mr King: Yes, absolutely.

Ms Martel: Can you table those guidelines for this committee?

Hon Mr Clement: Sure.

Mr King: Sure, that's not a problem at all.

The Chair: With that, I think we are complete. Now to the government caucus.

Mr O'Toole: It's extremely refreshing to have such professional—and an opportunity to speak to people who deliver these programs. I commend you, Minister, for being completely open on the consultations.

Hon Mr Clement: I've learned a lot.

Mr O'Toole: I've just learned that there are a lot of very complex issues in the ministry, as we are hearing, with, as you mentioned, Kirby, Romanow and everybody else looking at it.

I just have a couple of questions here of a general nature. We always use the number \$24 billion in health care. The first part of this is fairly simple. Is that all taxpayers' money or does that come from another revenue source?

Hon Mr Clement: No, that's all taxpayers. That's the publicly funded portion of health care.

Mr O'Toole: What's the other part? The Prime Minister, I think, during the election, said there was no private money in health care. He said there wasn't any. I'm talking insurance money, I'm talking WSIB. How much more than the \$24 billion is already being pumped into the system?

Hon Mr Clement: It is about two thirds/one third, as I understand it.

Mr King: Yes, 70-30.

Mr O'Toole: So 70% is taxpayer—

Mr King: Public.

Mr O'Toole: That's worth knowing. So it is actually more than \$24 billion.

Hon Mr Clement: Absolutely. When you look at dentistry, when you look at alternative medicinal products and other things that are not funded—

Mr O'Toole: Pardon me for interrupting, Minister, but we always use a number that the federal government aren't at the table. That's not said in any political way at all. You've first got to start by making it clear that the federal Liberals aren't up to the job, and neither are the provincial. I think 11 cents or 12 cents on the dollar is actually from the federal government.

Hon Mr Clement: It's 14 cents.

Mr O'Toole: It's that high?

Hon Mr Clement: It will go down to 12 in the next three years.

Mr O'Toole: I'm surprised. So it isn't 50-50 like all of the taxpayers believe.

The point I'm trying to make, though, is this: it's very convoluted. Some of it comes through research money and other forms of supports, which are important; there's just not enough of it. I'm going to focus on one specific area. I'd like the members of the opposition to pay attention. The reason I say this is that it's a particularly novel idea. I try to explain this percentage, the 70-30 and 11 or 12 cents that is federal money, and it becomes convoluted.

Interjection: It's 14.

Mr O'Toole: I think, on further investigation, it's more like 12. Here's the point I'm trying to make, though—

Hon Mr Clement: It will be 12 very soon, I can assure you.

Mr O'Toole: I'm looking at one specific ministry where I'm trying to settle this now, to try and explain this minutia to a taxpayer who's concerned about access to care. They don't really care about who pays what. I have a suggestion and I want it on the public record here. I've written to you on this. It's a little bit off the wall but we're supposed to think outside the box. The suggestion is this: let's devolve—they don't like that word—let's sort it out, meaning that the federal government pays for these programs and the province will pay for these programs. Let's not confuse the public by saying, "Oh no, the federal share, blah, blah, blah." It doesn't mean anything.

I look at the rising cost of ODB, and I'm looking at your actual budget. It's going up 22.5% on drugs—huge costs. Dr Coombs, one of the scientists here, wrote a report. Half of all the drugs are wasted, to start with. They're thrown out and not used. There's a lot of waste in that drug part of the Ministry of Health.

Hon Mr Clement: Over-medication, yes.

Mr O'Toole: Two billion dollars. Now, I don't know if the approvals process is in the budget. There's a drug therapeutics committee, there's a federal level, and then it comes down and we stall it for another few months before we list it. There are some 2,000 drugs listed on the formulary.

There is a question in this, more than just a statement. Have we considered giving all of the drugs—the approvals, the listing and, by the way, the paying—to the federal government, and we're out of it? If somebody is getting Prozac, "Call your federal member. Everything

else, call me." I've got the prescription for Prozac already so—

Interjections.

Mr O'Toole: Just cool it down.

Hon Mr Clement: The answer has to be yes. As you may recall, Mr O'Toole—and you've got a memory for these things—the federal government, campaigning as the Liberal Party, in one of their red books, promised a national pharmacare program.

Mr O'Toole: Yes, the pharmacare. Exactly.

Hon Mr Clement: We were excited about the prospect of the federal government finally recognizing this area of health care, which was not recognized in the Canada Health Act. They don't contribute a plug nickel to pharmacare. We're still waiting. That's two elections ago and we're still waiting for the national pharmacare program. We have communicated to them that if they wished to involve themselves in this area, we would not stand in the way. We would not let constitutional niceties or section 91 or 92 be an impediment to this. We haven't had any takers, funnily enough. The pharmacare promise has gone by the way of "We'll scrap the GST," I suppose.

Mr O'Toole: Let's just focus on the ODB, because it's such a huge, complex program. Do other provinces in this country support access to proper medications to the tune of Ontario?

Hon Mr Clement: Well, there are a lot of provinces that don't meet our standards. For instance, Saskatchewan has a deductible of, I think, \$600.

Mr O'Toole: A deductible? A copayment?

Hon Mr Clement: Yes. They have a copayment of \$600 before their drug plan kicks in. Newfoundland and Labrador, which is another little government, their drug benefit plan is 20%, 30%, 40% less generous than ours. So when you compare apples to apples across the nation, Ontario's is one of the richest, I would have to say, and the most generous when it comes to these kinds of medications being available to our seniors.

Mr O'Toole: I commend you, because as we look back at the earlier comments with respect to age, demographics, sex and all these things, that problem of getting the patients out, giving them some meds or painkillers, whatever it is, is going to increase. In fact, I think we'd be doing everyone a service by saying, "The standard in Canada is this and the feds are paying for it." Could we work on that? It's just a very novel idea from a little backbencher, if you will.

1730

Hon Mr Clement: I appreciate that. That's part of the discussions. I can tell you that the Premiers, and now the provincial health ministers, are working on arrangements. You mentioned the drug quality and therapeutics committee and what Health Canada does. They do more on whether the drug is safe to take for the purposes intended. We do more of a cost-benefit analysis and how to gain access to our drug benefit plans. Is there a way—rather than having 14 different considerations of a drug therapy, that is to say, every province and territory, plus

the federal government, which is 14—we can make that less? Can we make it one consideration? That is certainly under active consideration. To be even more precise, we are working on a plan to present to the Premiers in January for that very consideration.

Mr O'Toole: I just think if you want to make a lifelong contribution to health care, there is one there. It will sort it out. It will sort out the confusion in people's minds of who's paying for what and get out of the argument of 11 cents or 14 cents. That's just a stall mechanism for the person at the end of the needle. I'm thinking that drugs is the way to go, especially as you look at the aging population. Everyone's going to have a need for all these high-order designer drugs, incremental designer drugs, at \$100 a pop. Let the feds take it on and make all Canadians equal citizens here. I'm confident you'll take that suggestion forward.

Hon Mr Clement: Thank you. In fact, some medication therapies are in the tens of thousands of dollars. When you look at some of the new wonderful medications that are made available, \$100 a pop would be one of the least expensive ones. I'm not denigrating their presence; it's simply a case of how best to ensure that these kinds of things are available in the way that the population expects them to be.

The Chair: You have 30 seconds, Mr O'Toole.

Mr O'Toole: In conclusion, I say, even small employers who want to provide a benefits package, when they see these numbers and the convoluted way it is funded, they don't want to provide those health benefits because of the high cost. Anything we can do—mass buying by the federal government would certainly save money, if they could bulk purchase and deal with the patent issues.

Hon Mr Clement: That's certainly another area where I think the provinces would like to see some progress. Other jurisdictions like Australia have made great strides in bulk purchasing, so we're looking at that.

Mr O'Toole: Thank you for your time, Minister.

Mrs Papatello: On a point of order, Mr Chair: just a clarification on the answers that were submitted to questions I had advanced last week. I need a clarification, if it could be provided to me. Page 12 of the answers is specifically referring to institutions accounting for a certain percentage of CCAC admissions. I need clarification on what constitutes institutions, because I was referring specifically to hospitals. I need to know if

it's also including long-term-care institutions or is it just hospitals as institutions?

The Chair: I have to look for a one-word answer. I have to look for the goodwill of—

Mrs Papatello: I can get it after.

Mr King: It is all hospitals.

Mrs Papatello: Is it only hospitals?

Mr King: Yes.

Mrs Papatello: The second question is appendix 3, if I could have that chart revised to include, as opposed to public funding announcements, it would be actual funding of other community services, because as you and I know, the announcements have nothing to do with what actually flows. I need to know actual spending.

The Chair: I'm going to rule that that's not a point of order. I want to comment, though, that the ministry has shown, I think, a high standard of goodwill in terms of providing information and I would encourage you to avail yourself of that.

Mrs Papatello: It is not the right information.

The Chair: Unfortunately, we have a lot of tabled information here. We also are under the estimates constraint. We don't set our own rules.

Mrs Papatello: Mr Chair, on a different point of order: I'd like it on the record that I would like the Minister of Health to invite me to his federal-provincial negotiations and I'd be happy to act on his behalf.

Mr Gerretsen: I'll second that.

The Chair: We have that duly noted.

I now turn to the business of the committee, which I'm sure will be of some relief to the significant contingent we have. It is the approval of the estimates for the Ministry of Health. I will ask for the votes. I would draw your attention to votes 1401 through 1407. I would ask your permission to combine the votes. Is that agreed? Agreed.

Shall votes 1401 through 1407 carry?

All those in favour say "aye."

All those opposed say "nay."

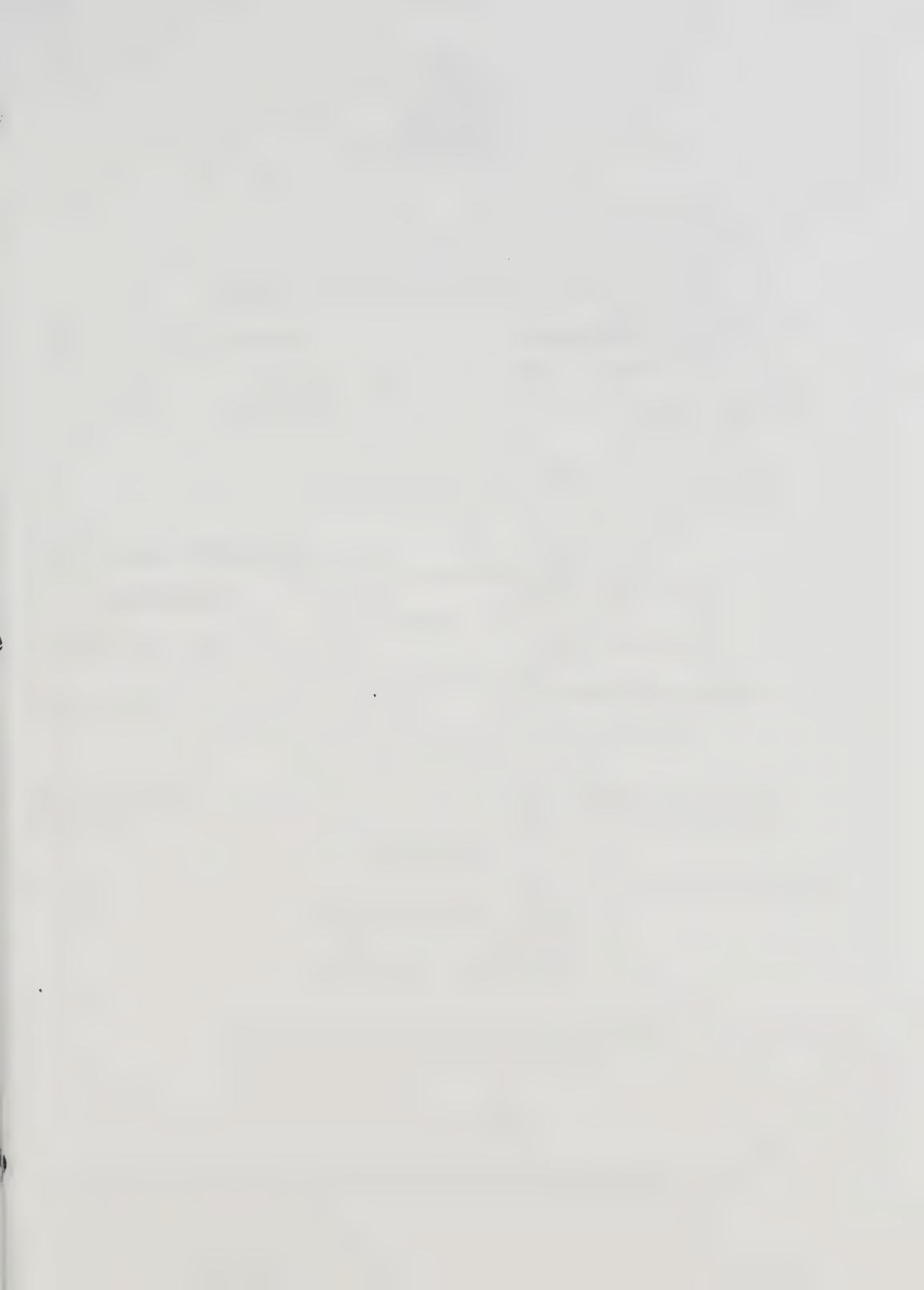
In my opinion, the ayes have it.

Shall the estimates of the Ministry of Health and Long-Term Care carry? Carried.

Shall I report the estimates of the Ministry of Health and Long-Term Care to the House? Carried.

Thank you very much for everyone's co-operation today. We are recessed until the Ministry of the Environment tomorrow.

The committee adjourned at 1736.



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**Legislative Assembly
of Ontario**

Second Session, 37th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 37^e législature

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of Debates
(Hansard)**

Wednesday 10 October 2001

**Journal
des débats
(Hansard)**

Mercredi 10 octobre 2001

**Standing committee on
estimates**

Ministry of the Environment

**Comité permanent des
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Ministère de l'Environnement



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Wednesday 10 October 2001

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 10 octobre 2001

The committee met at 1536 in room 228.

MINISTRY OF THE ENVIRONMENT

The Chair (Mr Gerard Kennedy): I'd like to call the meeting of the standing committee on estimates to order for examination of the Ministry of the Environment. We welcome the minister. I'd also like to introduce our clerk, Susan Sourial, and our other staff. We have Anne Marzalik from leg research and Arleen Oostwoud from Hansard. I would also ask that the staff who will speak later on from the ministry to identify yourselves for the purpose of the record.

We are now in that part of the introduction where we have 30 minutes for each party. What that means is the minister gets to present and then each party gets to respond. The 30 minutes that exists for the government caucus can be used either by caucus or by the minister, depending on their arrangement, one or the other.

Hon Elizabeth Witmer (Minister of the Environment): I do want to thank all members of this committee for the opportunity to discuss the Ministry of the Environment's estimates for the fiscal year 2001-02. Today I will be focusing on the ministry's accomplishments over the past year, as well as what we are currently doing and our future directions. I'm very pleased today to be joined by the members of the hard-working staff at the Ministry of the Environment. Of course, they are here to assist in answering any detailed questions that you may have regarding their different areas of responsibility.

Protecting environmental health is a key element of the "21 Steps Into the 21st Century" outlined in April's speech from the throne. As the former Minister of Health, I am certainly very acutely aware of the link between our health and clean air, water and land. Of course, as my colleague Finance Minister Jim Flaherty has stated, "A well-protected environment is an important part of Ontario's competitive edge." In my presentation today, I want to focus on our efforts to ensure the best possible environmental safeguards for Ontario.

This is a very exciting time for the Ministry of the Environment is in very large part because of the work that has been undertaken by Val Gibbons, whose committee report on best management practices has identified the strategic shifts we must make to make Ontario a leading environmental jurisdiction. The Ontario government has embraced the vision contained in the Gibbons report.

The Premier has made it clear that clean air, water and land are integral to a healthier and more prosperous Ontario. The Premier said, on June 26 in the Legislature, "Ours is a vision that promotes and manages growth to sustain a strong economy, strong communities and a healthy environment." In accepting the Gibbons report, the Premier said, "We want Ontario's children and grandchildren to inherit a province with clean air, land and water. The Managing the Environment report recommends a new forward-looking government vision which will ensure that all ministries take responsibility for environmental protection." And, of course, the emphasis is on "all." "This report calls for a break from the way the Ministry of the Environment has been run for many decades and represents"—when you read it—"a bold new vision for environmental protection."

This bold new vision includes a realization that no single ministry can shoulder the sole responsibility. I know Mr Bradley is here today, a former Minister of the Environment, who was recognized for the good work he did. He can certainly appreciate the fact that no single ministry can do it all alone. You do need to have the support of all the other ministries. In fact, government can't do it alone. There's a recognition that sharing responsibility for the environment today not only rests with the other ministries in government but it also involves municipal government, the federal government, regulated communities, the scientific communities, the environmental communities, the technical communities and, of course, the public and each individual.

I have to say, when I go about my travels in Ontario, I am very impressed with the responsibilities that have been assumed by many of our stakeholders and the responsibility that many of our citizens have taken to ensuring protection and enhancement of our environment. This government's resolve is backed in the Ministry of the Environment's budget estimates for 2001-02, which do include increased resources to support our aggressive environmental agenda. As you will see during the course of my remarks, we are continuing to deliver our core businesses—environmental protection, conservation and stewardship—while moving forward with a new vision founded on the principle of continuous improvement.

Today, I will be covering a wide range of the ministry's activities including: (1) the 2001-02 estimates, (2) tough enforcement, (3) Operation Clean Water, (4)

fighting smog and other forms of air pollution, (5) reducing waste and protecting land resources, (6) improving access to the environmental information that is so vital to sound decision-making, and (7) becoming a leading environmental jurisdiction.

Let's turn to the estimates. The Ministry of the Environment's commitment to continuous improvement is supported by the business plan and estimates for this fiscal year. The ministry's approved budget for 2001-02 is \$241 million. This includes \$223.1 million for ministry operations. That is \$57.5 million, or 34.7%, more than last year's operating budget. This increase is largely due to the need for tougher enforcement to protect our environment and human health.

Let's turn to tough enforcement. One of the key areas for increased resources is our compliance assurance strategy for the environment. I cannot state strongly enough that traditional practices like enforcement, as well as standard setting, inspection and abatement, will remain the foundation for our environmental protection strategy. In fact, if you take a look at the Gibbons report, these tools are the essential backbone.

Let's take a look now at the environmental SWAT team. One very important step to strengthen this backbone was the creation in September 2000 of the environmental SWAT team. It is a highly mobile and focused compliance inspection and enforcement team. It was formed to crack down on deliberate and repeat polluters to ensure that they comply with Ontario's environmental laws. SWAT is now fully employed as a permanent unit within the ministry. To date, this team has completed more than 450 inspections, primarily in the electro/metal plating, hazardous and solid waste hauling, septic waste hauling and industrial, commercial and institutional sectors. The environmental SWAT team complements our other work to ensure compliance. We are investing in computer supports for our field staff and we are training them to use these technologies to expand our inspection capabilities.

Turning now to investigations and enforcement: Our staff here continue to vigorously pursue polluters. In fact, ministry investigators laid 23% more charges in the first six months of 2001 than in the same period of 2000. This is significant because environmental stakeholders like the Sierra Club have criticized the government sharply in the past when the number of charges declined. So I hope those who are critical will take note of this improvement.

I hope as well they will recognize that we are seeing much greater success in the courts, with convictions increasing from 160 to 451 during the same period. We are also seeing an increase in fines levied by the courts. Total fines increased by more than \$1 million, about 118% in the first half of 2001 compared to the same period last year. I do expect to see this trend increase as we start to see the results of amendments to provincial environmental legislation to give Ontario the highest fines and longest jail terms in Canada for major environmental offences.

As you can see, our government is backing its environmental vision with strong enforcement programs. We

have strengthened and are strengthening our inspections, compliance and enforcement capabilities, and we are sending and will continue to send a very clear message to polluters and would-be polluters that we will not allow the serious consequences of environmental degradation to go unchecked. They will be caught and the attendant consequences will be significant.

I'd like to turn now to Operation Clean Water. Maintaining high standards for drinking water is one of this ministry's most important commitments. The citizens of this province rightfully demand and expect no less. It has been a very intense and busy 14 months since Operation Clean Water was launched with the goal of having, in the Premier's words, "the safest water in Canada, with high standards, frequent testing, prompt reporting and tough penalties." I believe that we have made excellent progress toward this goal, and I would like to express my sincere appreciation to the many people throughout the Ministry of the Environment who have worked so hard to achieve the goal that has been reached.

Let's take a look at the drinking water protection regulation. As the members of this committee are aware, we passed the regulation in August 2000, about one year ago, giving Ontario its first-ever legally enforceable standards for drinking water quality as well as strict requirements for testing, treatment and reporting. We are conducting and have conducted annual inspections of Ontario's more than 650 municipal water treatment facilities to monitor their compliance with provincial requirements.

On the second round of inspections, although there was some improvement in compliance levels, I am still not satisfied with those results. Obviously there's more that needs to be done.

We are committed to ensuring that all water treatment plants in this province are operated in accordance with the highest standards.

I want to be very clear that we treat all instances of non-compliance seriously. Corrective action is ordered whenever a potential threat to human health is identified.

Of course, the most recent round of inspections were between April 1 and August 31 of this year. There were 79 orders issued and there were 2,182 waterworks inspected.

Amendments to the Ontario Water Resources Act will ensure that the most serious violations of the drinking water protection regulation are subject to the higher penalty regime for environmental offences.

During this year as well, we will review our drinking water surveillance program to ensure that it is doing the best possible job of supporting our new clean water initiatives.

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Let's take a look at the drinking water protection regulation for designated facilities. This is to ensure safe drinking water from smaller systems that serve some of our most vulnerable populations: our children and the elderly. This proposed regulation would require regular testing, analysis and treatment of drinking water;

notification to the medical officer of health and Ministry of the Environment by both the owner of the system and the laboratory in the event of an adverse water quality sample; all waterworks to produce engineering reports on their systems; that annual reports be prepared by the owner of the system; and the owner of the system ensure that a copy of the analysis of water samples, the annual reports and the new regulation are available to the public.

While these regulations protect water at the tap, we must also ensure that we take a holistic approach to the protection of water, and that means we need to protect our sources. So let's take a look at groundwater protection.

We have provided more than \$4 million for groundwater studies to the provincial water protection fund. Thirty-four studies across the province were approved. These studies have been completed because we accelerated the process to protect the health of Ontario residents.

On August 22 I announced the largest single investment in groundwater protection in the province's history. We will invest \$10 million in groundwater studies between now and March 2002, and this investment will help municipalities that depend on these resources to make more informed decisions. These studies will also provide information that local and provincial governments need to assess the best solution for the protection of groundwater.

As announced in the budget, some \$2 million of this money is reflected in the printed estimates for 2001-02, while the remaining money was subsequently approved in-year. So this is new and additional money.

Our investments will target municipalities that are highly dependent on groundwater and that are ready and able to begin the work immediately. The participating municipalities will receive funding to cover between 70% and 85% of approved groundwater study costs. These studies build on our announcement of October 30, 2000, to establish, with municipalities and 38 conservation authorities, a \$6-million groundwater monitoring network. This will include 400 electronic monitors to measure water levels in wells across Ontario.

To further support our groundwater protection efforts, we have obtained in-year, on June 21, a further \$3 million for policy and guideline development.

If we take a look at Operation Clean Water, I believe this is an outstanding example of the government-wide approach that is so central to our new vision of environmental best practices.

On April 27, 2001, Municipal Affairs and Housing Minister Chris Hodgson and Brian Coburn, the Minister of Agriculture, Food and Rural Affairs, announced that the government is providing a total of \$3 million to more than 175 municipalities to help cover the costs of engineering studies required under the drinking water protection regulation.

As well, Minister Coburn made another key announcement on June 13, 2001, when he proposed legislation to address land-applied materials containing nutrients. This proposal calls for strong new standards for all land-

applied materials containing nutrients; the banning of the land application of untreated septage over a five-year period; strong new requirements such as the review and approval of nutrient management plans, certification of land applicators and a new registry system for all land applications; and a plan to have the rules enforced by the Ministry of the Environment.

Another example of our government-wide approach is the Ontario small town and rural development initiative, OSTAR, which commits at least \$240 million to help smaller municipalities with infrastructure work needed to comply with regulatory requirements.

We're also making good headway with our co-operative efforts with the federal government to renew the Canada-Ontario agreement. A renegotiated deal has recently been posted on the Environmental Bill of Rights registry.

Let's turn now to Walkerton. At the same time as the ministry and the Ontario government have worked on the Operation Clean Water initiatives that I have just outlined for you, we have worked to address the issues surrounding Walkerton. We did immediate action to alleviate the situation, and we as a government have continued to co-operate fully with the Walkerton inquiry. We certainly do look forward to its findings.

Turning now to fighting smog and other forms of air pollution: we have developed in this province one of the most comprehensive strategies in North America to fight smog and other forms of air pollution. We are taking unprecedented action on a wide number of fronts to reduce airborne pollutant emissions. The transportation sector is the largest domestic contributor to the smog that affects our urban areas, and so of course we introduced our Drive Clean program. On June 11, 2001, I was able to report that after only two years, this program has cut smog-causing emissions from vehicles by 11.5% in the Toronto and Hamilton areas. During that same period, it is estimated that we have seen a reduction of carbon monoxide from vehicles by 15.4%. Also, improved maintenance of vehicles has allowed motorists to save about 11 million litres of fuel. That's the equivalent of more than 220,000 fill-ups for an average-sized car.

Some 2.15 million vehicles were tested by the end of 2000. The program identified more than 313,000 that failed to meet emission standards. Repairs to these vehicles account for the pollutant reductions. Since the beginning of this year, we've announced measures that will increase the effectiveness of Drive Clean. On January 1, 2001, emissions testing became mandatory for vehicles in 13 additional urban centres and their commuting zones. The new areas of testing include Peterborough, Barrie, Guelph, Cambridge, Brantford, Niagara Falls, Welland, St Catharines, Kitchener-Waterloo, London, Sarnia, Clearwater, Point Edward, Windsor and Orillia. Now some additional five million light cars, trucks and vans must receive emission tests every two years.

On June 29, 2001, we also introduced a new higher repair cost limit of \$450. Again, this will increase the

effectiveness of Drive Clean by making sure that more vehicles get repaired.

We have expanded the Smog Patrol, which complements Drive Clean because this patrol allows us to go after the heaviest emitters on our roads. We have increased the staffing of this vehicle emissions enforcement unit to 20. They will continue inspections of grossly polluting—and of course these are the ones that are visible—cars, trucks and buses. Equally important, they also focus their attention on out-of-province vehicles, thus levelling the playing field for Ontario motorists. Through both Drive Clean and the Smog Patrol, we are reminding vehicle owners of their personal obligation to reduce emissions and ensure that pollution control systems are properly maintained in order that we can improve air quality.

As we all know, health is very much impacted by poor air quality; we've seen asthma in children increase, we've seen lung and other respiratory diseases as well impacted by air quality, so we need to continue to vigorously improve air quality in our province. We need to recognize that 50% of pollutants come from the United States, so we need to focus on the 50% that we can control, as well as try to encourage our American neighbours to also focus on reducing emissions and improving air quality.

Let's take a look at monitoring and reporting requirements. In addition to addressing air emissions from the transportation sectors I've just talked about, we are also targeting industry. On May 1, 2001, a new regulation took effect requiring that industrial emitters track and report on 358 air pollutants. The regulation, by the way, makes Ontario the very first jurisdiction in the world to require the monitoring and public reporting of a full suite of key greenhouse gases. It is a tremendous accomplishment, and I believe it signals the commitment of our government to provide Ontario residents with world-class environmental protection. For the first time, Ontarians will have access to accurate information about what air pollutants are being discharged and, more importantly, by whom.

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Individual facilities, beginning with the electricity sector, will be able to report air emissions via the Internet with OnAir. We have committed \$2.7 million this fiscal year for OnAir, which is one of the first applications of the Environet technology that I will discuss in a few moments. The new regulation will be a valuable tool to help the ministry enforce strict air emission limits. We are complementing the monitoring and reporting requirements with the select targets for air compliance program. Through STAC, we will require 30 large industrial facilities to undertake comprehensive air emissions inventories. STAC has received in-year funding of \$1.5 million.

A top priority for 2001-02 will be implementing the measures I announced on March 26, 2001, for reducing emissions from the electricity sector. At that time, I proposed caps that would drastically reduce the current

air emission limits for Ontario Power Generation's six fossil fuel facilities. With these caps, limits on smog-causing nitrogen oxides would be reduced by 53% and limits on acid-rain-causing sulphur dioxide would be cut by 25%. These measures also included a proposal that the Lakeview generation station cease burning coal by April 2005. Taken together, I am pleased to say that these actions enable our government to meet its commitment to match or do better than the tough antismog requirements of the United States Environmental Protection Agency.

We also have to take a look at the issue of climate change. We are continuing aggressive actions that put us at the forefront of Canadian efforts to reduce climate-change-causing emissions. Drive Clean is helping to reduce greenhouse emissions because improved fuel efficiency means less carbon dioxide being emitted. When fully implemented, the program is expected to cut carbon dioxide emissions from vehicles by 100,000 tonnes annually. As I mentioned a moment ago, the new regulation came into effect this year to make Ontario the first jurisdiction in the world to require the monitoring and reporting of releases of the full range of greenhouse gases. That's all going to have an impact on climate change.

Let's turn now to reducing waste and protecting land resources. The ministry is moving away from a strict reliance on government to work with a wide range of partners to find ways to achieve Ontario's waste reduction goals and to protect precious land resources. We have gained valuable experience working with a broad range of partners through the one-year Waste Diversion Organization. The organization was created to find ways to ensure the sustainability of the blue box program and to foster other 3R activities to bring us closer to the provincial goal of 50% waste reduction, which I'm very confident we will achieve. I've been very impressed by the initiatives that have been undertaken by some of our partners and fellow stakeholders.

Let's take a look at Waste Diversion Ontario. On June 26 of this year, I proposed legislation to establish a permanent organization to develop, implement and fund waste diversion programs. This organization, Waste Diversion Ontario, would create an industry funding organization to set and collect fees from companies to pay half of the operating costs of municipal blue box programs.

I just want to say at this point in time that the blue box program recently celebrated its 20th anniversary. I was absolutely thrilled to learn, as the member representing Kitchener-Waterloo, that Nyle Ludolph, the father of the blue box, came from Kitchener. That's where the blue box originated. Since that time, it has spread throughout Canada. In fact, the blue box has spread all throughout the world. We have a lot in this province we can be proud of. We've had some real leaders when it comes to the protection of our environment.

This new WDO would be responsible for initiatives to address such things as organics, electronics—that would include computers—scrap tires, used oil, household

special waste and other materials. For the first time we now have this wonderful partnership between government, industry and municipalities to ensure the sustainability of the blue box and to guide waste diversion in Ontario for years to come. It is a partnership, by the way, that does not require government funding.

Let's take a look at cleaning up contaminated lands—brownfields.

The Chair: Minister, you have about two minutes.

Hon Mrs Witmer: OK, so I won't be able to touch on everything, but I'm sure in the questions—I was going to touch on hazardous waste management, where we've actually made tremendous progress, information technology, and we still needed to talk about becoming a leading environmental jurisdiction.

I would just like to conclude that I've tried to share with you some of our accomplishments and future directions. However, I think if you take a look at what I've said thus far, it's obvious that the status quo is simply unacceptable. We must embark on new paths with new ideas, new energy and new resources.

We are investing more in the environment because the cost of inaction is too great. We must build upon our momentum. We must develop new partnerships. We have to continue to work with people from across the entire province. We need to make capital investments as well in the physical infrastructure. That's what we plan to do. With the support that I have received from my colleagues, the Premier and the staff at the Ministry of the Environment, I have every confidence that we will indeed become a leading environmental jurisdiction and even a model for other jurisdictions. Certainly our water regulations are being duplicated by all provinces across Canada.

The Chair: We now turn to the official opposition. You have 30 minutes. In the tradition of the committee, you may use that as time to respond to the minister or, with the minister's co-operation, you can also use it as question and answer. It's up to you.

Mr James J. Bradley (St Catharines): I'll do a combination if I can, Chair.

The Chair: It's up to the minister's agreement in that connection then.

Hon Mrs Witmer: Whatever Mr Bradley wants to do, I'm happy.

Mr Bradley: I'll put the questions out there. I won't necessarily ask for them now. I'll be confident that the minister will not unduly take time answering questions as was the experience last year when my good friend the minister of defence, Frank Mazzilli, had to come to the rescue of the minister and ask several questions at the time. I know this minister will be concise and direct in all of her answers, knowing that she's always been that way in all of her ministries.

Well it's always nice to look at the front bench and see that we have yet another new face at estimates for environment. I want to say how pleased I am that you have your very capable staff behind you. The Ministry of the Environment of Ontario is very fortunate over the years to have had among its employees some of the top people,

not only in our country but in the world. So you have the advantage of the advice and hard work of those people in the ministry. Unfortunately, there are far fewer there than there used to be.

Mr John O'Toole (Durham): Quality.

Mr Bradley: But as my friend Mr O'Toole would say, there's a quality that still exists in the ministry.

Hon Mrs Witmer: And more than a year ago.

Mr Bradley: And more than a year ago. But I must caution the minister that her early smiles in this regard in terms of staffing may turn to something other than smiles as the revenues start to decline for the government. The revenues have already declined. The government has made a decision. I won't get into the philosophical argument now, except to say the government has made a decision to expend its funds on a huge tax cut for corporations.

My concern for you as minister, because as you know I have great concern for you personally as minister and your well-being, is that you're going to see a major constraint imposed mid-year, that the staffing levels that you see will be phantoms. There'll be positions, but there won't really be people in those positions. You'll be able to tell us the positions are there, but if I went to the desk to look for those people—or wherever they happened to be working—I would not be able to find them.

So I want to caution you—you know this better than I, of course, because you're in the senior echelons of the government—that in fact you will, as a result of government fiscal policy, face a huge constraint this year and probably next year which will not allow you to hire additional people, which will keep vacant a number of positions within your ministry and which will not allow you to do the kind of job that I know you would want to do as minister.

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You will also face fewer resources than you had anticipated when you took on the position. No doubt you took it on in anticipation that you would receive considerably more resources after some unfortunate circumstances that the government was confronted with. You will be assured of my continued support for substantially additional staff and substantially additional funding to be able to carry out your responsibilities. I am mildly pleased that there has been some increase. The government members who sit on the other side always think that we look for the dire weaknesses of the government. I look for flickers of hope as well and I do see them from time to time.

I think it is something everybody must recognize. The constraints are coming. Your financial people know that. The signal has gone out from Management Board no doubt now to every ministry, "Get ready, it's coming. The revenues are declining. We've just advanced the tax cut and we're not going to have those revenues." I feel bad for you that that is the case and bad for the environment that that is the case, but there it is.

If I may, I will look at a number of areas. I had somebody go through Job Mart. Now that's a really

exciting job, to have a staff member going through Job Mart and Topical to see how many people are being hired and so on. I noticed one area where you've improved considerably is that you've hired a lot of people in—hold on—communications. I thought, well, yes, communications. The substantive work is done in other areas—this is not to denigrate communications people—but there was a considerable increase in the number of people; either that or a lot of people left the government and you are rehiring.

The second thing I noticed was the number of positions which were not permanent. I won't call those phantom because phantom is a different category, but they are temporary people who tend to vanish when the pressure is off. Part of the pressure is off because of the tragic circumstances that have occurred. That means you, as minister, as you know, will have less clout within the cabinet to get the kinds of resources and staffing and general clout you would like, because there will be others tugging at the purse strings of the province.

One area I know you'll want to address, perhaps tomorrow or some other time, will be that of increased security, particularly for our water treatment plants and hazardous waste facilities. Yours is not to decide who gets the licences to drive the vehicles that have not only hazardous waste but hazardous materials, which, again, is another ministry, but also the hazardous waste sites. It's more likely that hazardous materials could cause us more problems in terms of terrorism than the waste itself, but hazardous waste is a problem.

I well recall, I went to Hamilton and the cameras were snapping and whirling and there was a minister announcing some new changes that I thought were actually quite impressive to waste management in terms of hazardous waste. As we know, there were some changes made in 1985 that put us ahead of the Americans. Well, the Americans started to get a lot of problems, and in about 1993-94, they started to change theirs. The government of the day in Ontario started the process of trying to make some changes as well to catch up. You always have to stay ahead of the other jurisdiction.

Then I heard policy made virtually in the hallway. I was under the understanding that it was all over, that this was done. Somebody, somewhere, I read said, "It's all done. Don't worry, we've done all this." Then there was some pressure in the House, and I saw you magnificently perform in a scrum, where it looked like instant policy, that indeed that wasn't the end of the line in terms of hazardous waste, that now you're going to take an even more in-depth look at it. I am encouraged by that, regardless of what the reason is. We don't have to worry about that. That's political. But the fact is that it appears you're going to take an even more in-depth look at it and perhaps we can see even more stringent rules than were contemplated.

I know my colleague from Sarnia-Lambton is going to be asking about that in due course because she's had a lot of problems with Safety-Kleen, which, by the way, has had a lot of financial problems.

Another side aspect of this I'll ask you about someday—and I don't expect you to give as frank an answer as you would like—is this insidious Red Tape Commission. You're not on that any more, are you, Bob?

Mr Bob Wood (London West): I'm still an adviser.

Mr Bradley: Ministers hate that insidious Red Tape Commission with such a passion because it interferes with the rules and regulations you have in place for the purpose of protecting the environment. I always thought this would be dangerous if it turned into a fundraising effort, but they would get a call from someone outside—not Bob Wood—to say, "We don't like this rule or regulation, so we'll phone the commissioner." They don't have the trench coats the way the crime commissioners do. Then they start bugging your ministry and saying, "Why do you have this rule?" I hope you will talk about how you are prepared to stomp on the Red Tape Commission when it is detracting from your job of protecting the environment, though I know you will use your words carefully and diplomatically, as I expect you would as a minister with diplomacy and political sensibility.

My handwriting gets worse when I'm scrawling, but I will look at other areas where I think your ministry should be involved. Not everybody agrees with this, I understand that—if you ask the three parties or individuals, they may change their minds from time to time—but I think you should be in charge of sewage sludge and manure. They're not very nice topics to talk about and we kind of laugh when we talk about them.

I don't think you can allow the Ministry of Agriculture, Food and Rural Affairs to deal with industrial farming. I heard a person who made presentation to a committee that John and I are on, the alternative fuels committee. A young fellow came in and said, "Make sure it's the Ministry of Agriculture, Food and Rural Affairs." You certainly wouldn't let the ministry of industry make the rules to govern the steel companies. You wouldn't let the Ministry of Northern Development and Mines govern the mining industry as it relates to environmental matters. So I hope you will use your considerable clout within the government to ensure that you are the lead ministry.

I would like it as well if you were able to wrestle away from the Ministry of Natural Resources responsibility for the Niagara Escarpment Commission. I saw some scowls on the faces of the natural resources people when I made a presentation to the Niagara Escarpment Commission on its plan. I said, "Why were they scowling?" and they said, "They were from natural resources." I was not being as kind as I might be to the Ministry of Natural Resources, being the guardian of the environmental considerations of that ministry. So I hope you would make an effort to persuade them.

And I hope you would comment upon the appointments to that commission, as the minister, because sometimes I see the good old boys being put on there and the good old boys aren't going to protect the lands as we would like. I'm not saying you have to have radicals one way or the other, simply responsible, good people on there. I know you, as a minister, will have some ability to comment upon that.

I'm going to skip from thing to thing here, to the Drive Clean program. I have been encouraged, cajoled, pulled in the direction of wanting to dump on the Drive Clean program but I continue to support it, despite the operational problems you have. A lot of people out there would like to kill that program, some of them perhaps in your own caucus. I don't know that. I think despite the operational problems you have, it is worthwhile continuing. Some environmentalists wouldn't even agree with that. But I think you have to address—and you probably will try to—the operational problems, because you have to have the support of the public on it. The public is not going to be supportive, obviously, if they have to pay a lot of money, but it's the price I guess of driving in Ontario, that you drive clean, as it suggests.

But there is a problem with it—and I'll ask you to comment later on—and that is, they want to sell information to American companies and other companies about the vehicles. I'm apprehensive about that. I don't mind you having that information; I don't mind the Ministry of Transportation having that information and the police having that kind of information. It is quite appropriate. I don't like that being sold to private companies. I don't think the final decision has been made yet. I have promised to send you a letter. It said it in the paper, so you know that letter will be coming. I will be sending you a letter about that, because if it says it in the paper we know we have to do that. I will make sure I do that.

1620

I'll be interested in Paul Rhodes's contract. My good friend Paul Rhodes always does well with the government. He was brought in to bail out the last minister last time. Paul is very good. I should admit this to members of the caucus, and Paul will forgive me for it. I went up to the Walkerton inquiry the day the Premier was appearing before the Walkerton inquiry and I was wondering who was there to advise the Premier. Deb Hutton was there, advising. She wasn't even working for the government, but she's a good friend of the Premier and that's quite legitimate. Then I was driving along the road back and on the side of the road I spotted Paul Rhodes. He might even have been having car trouble, but I didn't stop, and I ask Paul to forgive me for that. But there was Paul Rhodes. So I'm interested in that contract. I think you got full value for it, to be truthful, but that is a problem.

I'll be interested in security measures that your ministry is taking. I'm concerned that you don't have your own laboratories. It's going to take a lot of turnaround time. If something untoward happens, if something unfortunate that none of us wants to happen happens, it would be good to have our own ministry labs, the old Ministry of the Environment labs, which had integrity, reliability, accountability, and responsibility. I hope you would make a case for reviving those labs. I'm not saying you're going to put all the private labs out of business, because there is lots of business to go around, but I really think a mistake was made in getting rid of those, particularly in the manner in which it was done.

I know, because of the Walkerton inquiry, you're not going to answer questions that are before the inquiry. I want to say, by the way, I think Justice O'Connor has done a good job. I think that was a good choice as a person to head up the inquiry. I may change my mind when I see the final recommendations. However, I suspect not. Just from the way I've seen Justice O'Connor conduct the inquiry, I think he's done a good job.

You talk about OSTAR. I wouldn't talk about OSTAR if I were you. The criteria are so difficult for the small municipalities. Those of us in big municipalities don't have this problem. In Niagara-on-the-Lake, for instance, there is so little money there that they can't parlay that into a project they can undertake. You're going to have to have a larger percentage paid by the province in that OSTAR program. You also have to spend it on bridges and roads. I would secure all that for water and sewers if I were you.

I would urge you not to forget about sewage treatment plants. Water treatment plants are important. I'm not convinced to this day, although I saw late on the Friday afternoon before the long weekend the press release—I know it's only coincidental—on the number that are not in compliance. I don't know if you have a team that is in effect to continue that kind of operation as well as it should be. We dealt with that in public accounts and I hope you act on the public accounts in that regard. But don't forget sewage treatment plants, because they are also defective in some cases. Some of them simply don't have the proper capacity, so you get raw sewage going into the lake. Also, as we know, they don't treat a lot of the substances that go into the sewers. Toronto has a good sewer-use bylaw. I don't know how many other municipalities have one that would be comparable to Toronto's.

You've got the problem of sludge. That's not an easy problem for you to deal with and I don't want to pretend it is. The one day you're not happy that you're the minister is the day you have to deal with sludge, but you're going to need the staff and the proper rules in effect soon to deal with sludge in some way or another. I'll be interested in that. I know there is legislation and so on, but when I hear that you've got the outhouses, as they used to call them, and that material spread for another five years without dealing with it, I am horrified at that thought. At least in the sewage treatment plant there is some treatment of the sewage that takes place. It's an awful thing to have to be talking about, but there we are.

In terms of the SWAT team, I think that's a lot of show out there. I saw the description that says, "Call up the cameramen and they'll be down here from CFTO for sure, and the Toronto Sun will be there with a photographer and it will look good." I hope it works out for you, because I think the real solution is the day-to-day job of enforcement. This is the tough part. It's like members of the Legislature, there are certain things we do where we cut a ribbon and that's very nice, but the problem is it's a day-to-day difficult job of enforcement.

I think you were better off with the investigation and enforcement branch than the SWAT team, with a lot of people in it doing the job—not so flashy but doing the job. But that's what they left you with, the SWAT team, so I wish you well with the SWAT team in that regard.

I'm concerned about the muzzling of your staff. Nobody can talk to the staff any more. As a person, you can't call up and talk to the staff person; it has to go back to headquarters to someone in your office before anybody is allowed to talk to staff.

I understand that politically. It doesn't look good. I have not had a personal problem so much, but individual members tell me it's really a tight ship to deal with now. It used to be pretty good. You could deal with those people out there, and they still had to send you a report. I don't expect that if I call they're not going to tell you; of course they are. That's their job, and that's your job to know. But the filtration system you've got now is a little much in there, in my opinion, and it's not good public policy, although I suspect that decision comes from the top.

I hope you act upon the recommendations of the Environmental Commissioner and of the Provincial Auditor. I'd be interested in your views on the privatization of water systems, particularly in light of the security problems that we describe after September 11. That may have changed opinions on that. Certainly people now rely more on government since then to provide certain services and assurances.

I haven't seen you using government advertising too much, outside of Drive Clean, and I want to commend you on that. As you know, I dislike what I consider to be partisan government advertising, and I hope they're not forcing you, from the centre office, to spend money on polling either. Let them take that out of the Premier's budget, not yours, on polling.

I want to compliment you. At least to my recollection, I have not seen these silly ads out there that pat you on the back. I think your ads are more informational. Even the ones on Drive Clean I thought were pretty good for a government ad, pretty direct for a government ad.

Coal-fired generating stations are a real problem. I think the ultimate solution is converting them to gas. I'm suspicious of what's happening at Lakeview, though I want to say I agree with the decision at Lakeview that you made. I would like to see new burners in there which would make it even cleaner than perhaps I anticipate it's going to be.

Sulphur in gas: Dan Newman, when he was here, said—I won't quote, because I don't want to take the time out to quote—you're going to put it on the pumps. I'd like to see on the pumps how much sulphur is in the gas. I always have to go to a Web site, and my Web site is right here, you see, so I have a difficult time doing that. Not everybody has a Web site, so I think it would be good on the pumps, although I know the gas companies don't think it's such a good idea, and I can understand why.

Biomedical waste: I'd like to know what you're doing with biomedical waste, because that's not an easy prob-

lem to deal with, I must say. Biomedical waste is something that if somebody like the Fifth Estate wanted to do a program on it—it's always interesting to see where biomedical waste ends up.

I should mention to members of the committee, who already know this: every Minister of the Environment is told that she or he should close the border. What they always forget is that things go both ways across the border. So it's easier to say close the border to certain things, although we want to make sure our rules are tight and everything. Closing the border completely, for instance, can sometimes remove options. Just ask the city of Toronto right now about that.

What else do I have? Emission trading plans: I'm very suspicious of the pollution credit trading plans. I don't think there are caps that are low enough. I don't know how you verify it in some cases. I think you've reopened the consultation, which is good, because I was not satisfied with what I saw developing there.

I would be interested in your giving us an update on Port Colborne, which is close to me geographically speaking. There have been a lot of problems in Port Colborne. I suspect if you went to communities where there are plants like that around and you tested the soil around them, you would find some interesting things about the soil. I'm interested in the progress. I hope you devote the staff to it and move quickly on that so that people can have remedial action taken quickly.

Beck 3: I hope you will promote Beck 3. Beck 3 is the water generating station at Niagara Falls. We have Beck 1 and Beck 2. Beck 3 is a relatively environmentally benign—not totally—way of producing electricity, far better than burning coal, far safer than dealing with nuclear plants. It's a good option. It may cost a little bit more now. I'd like to see you, as minister, promoting that within the government.

1630

The Etobicoke air station that got moved: I did note the pleas of your ministry not to move it. I think the other site would have been better. I won't get into a wrestling match over that one now. The Chair of Management Board sent me a nasty letter. You saw the copy of it—well, you didn't see the copy, but I saw your “cc” on it. I still think your staff would have preferred the other site, and I wouldn't let the Ontario Realty Corp boss you around if I were you. I'll be on your side if they try to do that.

CFC regulations: I'm interested in an update on that, because that's still a problem. I notice there was a problem that emerged with that. I know you're starting to deal with the industries in terms of air pollution, but having them report is one thing; having them cut their pollution drastically is another. What I'd like to see is firm rules in a timely fashion to drastically reduce the emissions coming out of industries in the province.

The first step is, of course, reporting, as you have appropriately pointed out. The second is getting rid of those emissions in some cases or at least drastically reducing them, the way the MISA program was designed to.

The partnership with WDO: I think municipalities still have to pay, don't they?

Hon Mrs Witmer: Yes, that's right.

Mr Bradley: Yes. You said, "No government funding." You mean no Ontario government funding. I would have preferred to see industry pay more, and I would have preferred to see the provincial government continue to have a role to play, even if it's in terms of education and research and development rather than direct operations, which I understand you want to get out of.

What else do I have here? Hazardous waste is one that will continue to haunt us, I'm sure.

There was a clean air program that could be dusted off, by the way. It was in the ministry in the summer of 1990. I recall going to implement that program. So if you look on the shelves somewhere and you dust them off, the Ministry of the Environment had done an excellent job of proposing a program. If you could steal it, I would say hurray for you. I wouldn't even claim credit for it or anything. I think you could do a lot with that.

Hon Mrs Witmer: I'll have to find it.

Mr Bradley: You certainly will do that.

How much time do I have left?

The Chair: About four minutes.

Mr Bradley: OK. I will have more specific questions, as will some of my colleagues. Perhaps it would be nice if my colleague to the right, Mrs Dombrowsky, could actually ask her question, so a little bit of time for her.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): Thank you very much. I would like to draw the minister's attention to the report from the Environmental Commissioner and the issue of Mellon Lake. Mellon Lake is located in my riding. Residents in my riding and from other parts of the province who occasion that community are very concerned about the inconsistency with the establishment of a conservation reserve. The conservation reserve is on the Ontario's Living Legacy Web site. The Web site talks about the uniqueness of the reserve and those items that make it unique: the bare rock ridges, the rock barrens and other natural habitats that support rare animals such as the prairie warbler, the five-lined skink, and several rare plants. So we have, within the community, the establishment of the conservation reserve.

People are very surprised that within the boundaries of the conservation reserve there exists a forest reserve. That's where the public is confused, because within the forest reserve—and I have a copy of an agreement that has been signed by the Minister of Northern Development and Mines that indicates to the owner of a mining company that, "The government of Ontario wishes to give assurances to the proponent that any such negative impact will be avoided and that the proponent will be entitled to exercise the same mining rights as if its mining properties were located elsewhere in the province of Ontario." That is, even though the claim is located in a conservation reserve, the proponent would be able to mine in that reserve. Of course, it has created a great stir within the community because of the inconsistency of the

message, Minister, and I'm sure you can appreciate that. I hope that in your role you would look to clarify that.

Certainly it has been indicated in the report from the Environmental Commissioner that the Ministry of the Environment has a role to play in addressing the consistency of the message. The report would indicate that, "Without government clarification of the public policy contradictions, the Mellon Lake conflict will probably be repeated across the vast area covered by the Ontario Living Legacy strategy." So the commissioner has not only identified the contradictions of your policy as it relates to the issues at Mellon Lake but has also indicated that in all probability this situation will arise in other communities where there are designated Ontario Living Legacy areas.

I hope, Minister, that in your role you would understand how important it is to bring some clarity to your public policy in this regard. Certainly the people in my riding and my community have great difficulty understanding how in one document on the Web site the government is presenting a conservation area where it lists as some of its unique features the rock outcroppings, yet we have another document here signed by a minister that indicates that these very rock outcroppings will be eligible to be mined away. For the people in the community it presents a real problem, and I certainly hope that in your role it's something you will look to address.

The Chair: Just about 30 seconds.

Hon Mrs Witmer: I think part of what happens when the Environmental Commissioner issues his report is the assumption that this deals totally with the Ministry of the Environment. I'd like to get back to what I said before: the environment really crosses all ministries, and this report is directed at many ministries within government.

If we take a look at the issue of Mellon Lake, we will see that it is an issue that has been dealt with by the Ministries of Natural Resources and Northern Development and Mines. They are obviously interested in this particular issue. You're recommending that they would continue to take some steps to address some of the concerns you have made known, and we can certainly share that concern with them, Mrs Dombrowsky.

The Chair: Now to the third party.

Ms Marilyn Churley (Toronto-Danforth): Is it 30 minutes?

The Chair: Yes, 30 minutes' opening discussion or presentation on your part, or, with the minister's apparent co-operation, you're welcome to ask questions.

Ms Churley: Minister, you didn't supply us with notes today from your speech. I understand we're getting those later.

Hon Mrs Witmer: Copies?

Ms Churley: Yes, copies.

Hon Mrs Witmer: Oh, sorry. I wasn't aware that there were no copies.

The Chair: I understand, Minister, that the staff have indicated they will be available next week.

Ms Churley: I tried to take notes from your talk and I did my best, but I have some questions to ask you. I

appreciate your presentation today. I too was very pleased, I should say to you, Minister, and I told you this personally, to see you taking over the ship. I have been pleased to see some improvements—I want that on the record—since you became minister.

It's very clear now, on the other side of the coin, that things got so bad—it's easy to say that you've increased the operations budget by, I think you said, 34%—I'm not sure; I think that's what I wrote down—when it's almost reduced to nothing, and the same with convictions and inspections and all of those things. So I appreciate what you're saying, that since last year many of those have come up by many percentages, but you also know it's a little bit of a shell game, because if you look at the number of cuts and the reductions in inspections and prosecutions, the percentages do look very high. However, I have appreciated the fact that you've gone in there and I'm sure fought at cabinet to get these improvements.

I must say I share Mr Bradley's concern. I guess we all do now. The world has changed after September 11, and I too am concerned at this time about the tax cuts. It's a different philosophy and we're not going to get into the corporate tax cuts. I am very concerned that the hope that I had that we were going to see some improvements and extra funding and staffing increases at the ministry is going to be lost, and that will be through no fault of your own. But that is a concern, I guess, clear across the ministry now. If I had my druthers, I would tell your Premier not to do the tax cuts now; perhaps a sales tax holiday, but that's for another day.

1640

I tried to take notes. You were talking about the Gibbons report. I'm not going to go into a lot of detail about that today; I did the last time, when the previous minister was here. But you talked about the necessity of ministries all working together, that the Ministry of the Environment isn't the only ministry that should be the caretaker for the environment, which I fully agree with and support that concept. I'm alarmed by the things that have happened that were already being put in place when the NDP was in government; for instance, the Environmental Bill of Rights, and the Environmental Commissioner's office partially was set up to do that. The green planning act, which I'm sure you're aware of, that your government killed, was a cross-ministerial effort, and there are other examples of that. What I've seen since your government took over is that many of the steps that had already been put in place were lost. There are examples in the Environmental Commissioner's report where he told us—I don't think this was in the report. He said that the MOE failed to post 1,200 proposals or decisions on the EBR registry and only did so after his intervention. That's a concern.

The Environmental Commissioner's office praised the quality of your ministry's air quality reports but expressed major misgivings about how long it takes to get the reports out. He said he had been promised—I don't know that it was you specifically—that you would publish the 1999 Ontario air quality report by spring

2001, and that is still not done. I again checked the Web site today and didn't see it.

When you talk about the Gibbons report—again, I have misgiving about parts of that report which I have no time to go into today—it's a shame to see that some of the steps that were happening have disappeared. I'm glad you want to see that kind of policy coming back, because I've got to tell you, I've sat around a cabinet table and I know how difficult it is sometimes with ministries, with their own policies and their own priorities, to get the cross-ministerial thing happening.

On the same subject, I wanted to talk about a couple of committees that are happening. It connects with you in that you are the Minister of the Environment but these are other ministries doing this stuff, and one is the nutrient management committee, which I sit on and I have been travelling, and the other one is the alternative fuels committee. Both are very interesting committees and your role is very important in both of them. Mr Bradley mentioned, "Who should be in charge?" Of course, at the committee level, mostly, I would say, it was the farm community that was very clear that they wanted OMAFRA to be in charge.

I think there were two key issues that came out of those hearings. That was a big one, with some dispute, and the other big issue that came up—and perhaps this doesn't pertain so much to you but I think it does affect the environment—is whether or not the new nutrient management regulation should supersede municipal bylaws. There is a big split there as well. Again, many in the farm community feel very strongly about it, and I understand why there are concerns around that.

But then there are many others who feel that the municipalities should have the jurisdiction to have some say in their own planning and that one size doesn't fit all. Of course, there could be a way to have minimum standards. But there are some suggestions that some municipalities, given the environmental sensitivity of some of their land, should have a right to improve on those. I guess you are aware that those are the two big contentious issues. The third one is funding. Farmers made it very clear that the OSTAR funding, in terms of implementing this, is just not going to do it and they're very concerned about that, as I'm sure you are.

The other thing I wanted to talk to you about was the alternative fuels committee. I don't know if you have any views on where that should be going, but in order to meet the targets there's a bunch of things that can be done now. This is not looking at the fun technology stuff, and we're doing all of that and there's a tremendous amount of exciting, new emerging technologies. But things like energy efficiency, energy conservation, retrofitting of buildings, those kinds of things I think now more than ever we shouldn't be waiting to do. Bringing in more public transportation—and I know some of this is expensive stuff; it's an investment in our future, however—converting the coal-fired plants into natural gas, those are the kinds of things that I hope you're having a say in.

For instance, the New Democratic caucus put forward a proposal that's been endorsed by the TTC, and that is

one to bring in a dedicated fund taken from the gas tax to go exclusively partly to public transportation and partly to repair of roads. There are other options out there as well.

Those are some of the things that are happening now that are not within your ministry. I know you're paying attention to them, but I hope very much that your voice is strong and prevails on some of these issues.

I have a couple of questions, but I'd like to give you the opportunity to comment on those, as long as you don't take up all the rest of my time, if you'd like to.

Interjection.

Ms Churley: I know, but I know Mrs Witmer wouldn't do that. It's up to you, if you have any comment on any of those.

Hon Mrs Witmer: I'd just like maybe respond to some of the statements you made about some initiatives you had introduced. Obviously, when the government took office in 1995 there were some changes made and you expressed some concerns around the Gibbons report. What we're trying to ensure happens is that we continue to move forward, and I think I've stressed that enforcement is going to continue to be the backbone of the operation. But certainly we recognize, and I'm sure that anyone who's been Minister of the Environment recognizes, that in order to get the support of all your cabinet colleagues, you are going to have to ensure that they see they do have an individual responsibility and that the environment doesn't stop at the Ministry of the Environment.

You talk about transit. The Minister of Municipal Affairs and Housing has a responsibility to be supportive of that, as does the Minister of Transportation. I think the announcement that was made recently on public transit, where I had the opportunity to participate with my colleagues, demonstrates that we are working together as a team, because public transit is very much an environmental issue as well as obviously a benefit in that respect.

We've set up a new committee now, the committee on the environment, which we never had before. We are trying to make sure that all ministers share equally the commitment and the responsibility for the environment, Ms Churley.

Ms Churley: Good luck.

I wanted to ask you a little bit about the SuperBuild fund. My leader, Howard Hampton, asked a question on this today and I want to specifically ask you about this. As you know, your government killed the provincial water protection fund last year and the government announced \$240 million available through SuperBuild for infrastructure projects, not necessarily only sewer and water. There's real concern about that money flowing. For instance, as was pointed out today, Sudbury is asking for an extension, and so are other municipalities, on the deadlines under the clean water regulations, because they've not received the promised funds to make the improvements they need to under the regulations; without the funds they can't do it. I'm wondering what's going to happen. Are you going to extend the deadline? What

about the municipalities that did not receive the grants and those that don't even qualify? But I guess the bigger question is, how soon is that money going to flow or are you going to have to extend that deadline?

1650

Hon Mrs Witmer: As we talk about the OSTAR funding, and the fact that the government has committed a minimum of \$240 million—which I think is very significant—to assist the municipalities to upgrade their water and sewage infrastructure, it's very important that we keep in mind that this is the first time in the history of the province that we have undertaken this type of initiative to provide that type of support.

Ms Churley: What do you mean by that? Sorry. Support for sewer and water infrastructure?

Hon Mrs Witmer: Yes. I think there has never been an initiative of that magnitude undertaken by any government, and so there has been a lot of work involved in ensuring that there was a comprehensive review of all of the certificates of approval for all of the municipal waterworks in the province, Ms Churley.

Ms Churley: I see what you're saying, but what—

Hon Mrs Witmer: I'm saying there was a lot of work involved, and that was our job on the part of the Ministry of the Environment. Obviously, once we had completed those reviews of the current certificates of approval, and I should mention that some of those certificates of approval went back as far as 1970—

Ms Churley: Minister, I'm sorry to interrupt, but in such a limited time I'm really trying to find out what the answer is to when the money's going to flow. Are you going to have to extend the deadline, and added to that, who decides what portion of that \$240 million will be actually directed to water and sewer, since it also can go in other directions? What role do you play in that decision of where the money goes?

Hon Mrs Witmer: Our role was to do the review I've just talked about, and I'll ask Mr Breeze to continue, but I've tried to set for you the stage as to what we were dealing with and the fact that we were dealing with certificates that did go back as far as 1970. Also, we've had to hire additional staff to do this review, but Mr Breeze, I'm sure, can expand upon this.

Ms Churley: All I want to know is when they're going to get the money and what's going to happen if they don't.

Mr Robert Breeze: As the minister said, there is a very intensive review going on right now. Under the drinking water protection act, all municipalities had to submit a mandatory engineering report. They had to be submitted by July 31. All of those reports are in and we're now in the process of working with the municipalities for all of those reports and issuing what are called draft certificates of approval. We're looking at something like 685 draft certificates of approval. We're now in the process of applying all of the due diligence to make sure that at the end of this process municipalities fully comply with the drinking water protection regulations. By July 31 all of those reports were

in; by August 31 all municipalities had to receive their financial applications under OSTAR. That has been completed and now we're doing the detailed—

Ms Churley: What my point is, and I—

Hon Mrs Witmer: Marilyn, I think I know what you're asking. We don't make the decisions on the funding.

Ms Churley: That's my point.

Hon Mrs Witmer: The OSTAR program, which is administered by the Minister of Agriculture, Food and Rural Affairs in conjunction with SuperBuild, makes the decisions after we've done the review. I think that's the short answer to your question.

Ms Churley: My point is that I'm disappointed. I think it's wrong that the ministry no longer takes responsibility for municipal water and sewer capital projects. That's what has happened. It's only a portion of the SuperBuild fund and you're not in on the decision of where that money goes. So, as the list grows of municipalities in Ontario that can't bring the water and sewer infrastructure up to standard because they don't have the money and they can't get the money through SuperBuild, will you reconsider the decision—and I know you weren't part of that decision—to eliminate the provincial water protection fund which is specific for sewer and water? That's now gone, and you're quite right; that's the problem I'm trying to point out. You need to get back into that business.

Hon Mrs Witmer: If we want to take a look at SuperBuild, as you know, most of the money that is now provided, whether it's for hospitals or for transportation, is flowing through SuperBuild. The government is dealing with that money differently.

Ms Churley: But would you consider looking at that, given that we're now seeing there are big problems with funding here? I don't want you to have to extend the deadline for the regulations, but what are they going to do if they don't have the money? The money's got to flow. I don't think we can take that any further. I guess it's a recommendation of mine that you take a look at that and consider it.

Hon Mrs Witmer: Again, we certainly appreciate it. I hear what you're saying and understand the concerns, but all capital at the present time does flow through SuperBuild.

Ms Churley: You mentioned air quality. The Environmental Commissioner, when asked—again, this was not in the report—said that he can't predict that Ontario's air quality is going to improve. I'm wondering if as a result of that you have asked your deputy to prepare the changeover for Ontario's coal-fired power plants to natural gas, given the fact that so many die—and it's documented—from air pollution and smog every year. The Environmental Commissioner is concerned that he sees nothing telling him that air quality is going to improve, despite what you talked about in your efforts. One of the key things to do, besides more public transportation and some of the other options I talked about, is to transfer the coal to natural gas.

Hon Mrs Witmer: Again, let's keep in mind that the Environmental Commissioner's report was for the period of 2000 and for just a couple of months of 2001. If you had the chance to listen to Focus Ontario on Saturday night, I understand that the Environmental Commissioner indicated he had seen significant changes in the last few months as to where the Ministry of the Environment was going, and he was quite pleased.

I think we all recognize that air quality is a priority, if not the number one priority, for people in the province. We're focusing on three sectors: the electricity sector—and I'll come back to that—the transportation sector and the industrial sector. Again, I would remind you that we obviously need to do the best we can with the 50% of the air pollution that we're responsible for.

But I understand, if you're a member of the committee on alternative fuels, Ms Churley, that that particular committee is going to be taking a look at the conversion of fossil fuel plants to gas or other cleaner fuels. Personally, I look forward to that happening. I was very pleased to announce earlier this year that Lakeview would no longer be able to burn coal come April 2005, and also that we were able to cap some of the other OPG plants. I think we do need to have some very strict controls and caps on air emissions.

Ms Churley: I appreciated that announcement and said it publicly as well. However, you're not putting the right burners in, so there will be more pollution then. You're aware that is the issue.

Hon Mrs Witmer: But the reality is we don't know what's going to be available by 2005. There may be some new technology. We don't know.

Ms Churley: That's what we'd like to see, the most up-to-date equipment so it's as clean as possible.

Hon Mrs Witmer: And we would too.

Ms Churley: In terms of the alternative fuels committee, I'm on it, and we're trying to sort out where to go with it because there is so much information. We're trying to scope it so that there actually is a report on time to do something. One of my concerns which I've expressed there and I'm expressing here to you is that we should be acting now on some of these issues. I'm concerned that everything now is, "We're doing a report on this. We've got a committee on it." But there are certain things like the conversions that we should have a plan for now.

Energy efficiency, conservation and retrofits are the kinds of things—and there are some other things that we know, some economic instruments and policy changes—that will help to get green energy in. I fear there's no leadership on that. We shouldn't wait for the committee to do it. I see that very much as your role, that you could play a major role in that and push people in the other ministries to act on some of those and not wait for the committee to report.

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Hon Mrs Witmer: I certainly do on a regular, ongoing basis, but obviously in order to see some steps being taken further to what has already happened

regarding green energy, again, those are the types of decisions that are made by government as a whole. When it comes to green energy, we need to remember that we do have MEST, which has the lead responsibility for energy. But I do encourage and do feel I am providing leadership. I support wholeheartedly the need for greater strides to be made in providing green energy to people in the province, Marilyn. I hope you are able to identify the priorities in that committee you sit on, because I had the opportunity to read the document this past week and I think there's a lot of good input that the committee has received. I guess it's a matter now of determining, what are you going to focus on and what recommendations you will make to government?

Ms Churley: How much more time do I have, Mr Chair? How am I doing here?

The Chair: About seven minutes.

Ms Churley: Can I ask you about my Safe Drinking Water Act?

Hon Mrs Witmer: You can.

Ms Churley: It's coming up for debate again tomorrow morning. As you know, the last time this bill came up—and I recognize it's a private member's bill, but let's also have on the record that we recognize that votes are whipped sometimes in government if they don't—

Interjection: No.

Ms Churley: “No,” he says. That's what happened in this case. When it came forward before, most of your members, if not all, voted for it, but then killed it at the committee level. I was pleased to see general support for it. The response, however, is, “We brought in regulations”—and I know that's what you're going to say—“and they're so much more advanced than others across the country,” so we should be satisfied with that. But as you know, the Environmental Commissioner pointed out, as have other environmental groups, that those regulations don't go far enough. I've been hearing that there are a lot of recommendations before the Walkerton inquiry commissioner to recommend a safe drinking water act which goes further, and my Safe Drinking Water Act does. In fact, I'd been working on this before Walkerton happened, which is why I was able to get it out there fairly quickly, recognizing when we were in government that there was a huge problem with the mishmash of policies and guidelines. Then I kind of sped it up. But we looked a lot at the American Safe Drinking Water Act and consulted with experts here and came up with a made-in-Ontario version. But we're not reinventing the wheel. This has been done in the US, and I think that ultimately we're going to be forced to go there.

Having said all of that, I know you know the difference between my bill and your regulations. First of all, are you inclined to support this bill tomorrow and have your members support it and have it go to committee for a good airing? Maybe I'll get the answer to that first, which will lead to my second question.

Hon Mrs Witmer: I think what is really key to remember at this point in time is that we are all eagerly

awaiting the recommendations that will come out of the report regarding Walkerton. I think it's quite significant that that report will soon be bringing recommendations forward. We're going to see them before Christmas, obviously.

I think we all very much appreciate the commitment you have made to the Safe Drinking Water Act, but I also would remind you that our government has taken very significant steps already. I think it is important that we now await the outcome of the commission—

Ms Churley: Can I interrupt you, because we're almost through? I've got my answer. I guess that would be my second quick question on that: should the commissioner of the Walkerton inquiry recommend a safe drinking water act, will you then support my bill, or if not, maybe you could bring one in yourself? Is that a commitment you can make should he recommend that?

Hon Mrs Witmer: Whenever the recommendations come forward, we will do a very thorough review of all the recommendations that are directed at the Ministry of the Environment, and obviously other ministries will need to take a look at recommendations directed at them.

Ms Churley: So we'll see, in other words. One last question—

Hon Mrs Witmer: We're going to have to take a look and see what's required.

The Chair: You have two minutes.

Ms Churley: I'm sorry to do this, but it's the limited time. I guess I can't ask all of my questions, but I wanted to ask about staffing. The commissioner, and the Environmental Commissioner as well, said in a question that—I can't remember his exact words, but he's not convinced that you have enough staff to carry out your responsibilities. I think you would agree with me that too many people were cut when the ministry was greatly downsized, and I know you've hired some back. But given the incredible workload in terms of protecting the environment and all of the identified problems in this leaked cabinet document that I still have—it's dog-eared now—less than 10% of sources of pollution were being inspected. We've got a problem. I'm wondering how you feel now about the staffing levels and what you think you need.

Hon Mrs Witmer: I'm personally very pleased at the enforcement and all of the initiatives that have been undertaken this past year. I can quote again to you some of the figures and some of the improvements, but I think the ministry has undertaken and moved forward in a manner that demonstrates that we're serious about being tough. I would remind you that not only do we have our SWAT patrol, but we also have the inspection team that we used to have. What we've added is in addition to what we already had before.

Ms Churley: And you think that's adequate, given so many were let go?

Hon Mrs Witmer: I think if you take a look at our statistics, there has been tremendous improvement made this past year.

The Chair: That completes that round, and we're now over to the government caucus and Mr Wood.

Mr Wood: My first invitation would be for you to complete your statement if you wanted to add something to what you've already said. We do have some questions, but if you had something you wanted to add to what you were saying, feel free to take this opportunity to do it. If not, we'll go to questions.

Hon Mrs Witmer: Maybe we'll go back to brownfields. That's a commitment that is, again, an environmental issue, but it's being led by the Ministry of Municipal Affairs and Housing. We're trying to clean up contaminated lands, which are more commonly referred to as brownfields. We've introduced legislation and it will remove the barriers to the cleanup and redevelopment of brownfields. In doing so, in cleaning up those lands, we will be better protecting our environment and also eliminating some of the lands that pose a real threat to human health.

I'd like to focus now on hazardous waste. This is an issue that has always been, and probably will remain, an area of great concern to the public. It's an issue that we take very, very seriously. On November 7, 2000, we passed the toughest hazardous waste regulation in the history of this province and we have been moving forward. Our strength and rules are at a point where they're consistent with rules in the United States, and they will ensure that all hazardous wastes, both those that are generated domestically and those imported, will continue to be managed in an environmentally sound manner.

I'd like to share with you that—maybe this goes back to address the question raised by Ms Churley—in 2001-02, our commitment is to undertake 250 hazardous liquid waste inspections, as well as inspections of 20 hazardous waste disposal sites and 50 transfer processing sites. I think this builds on what I said before about the inspections that are underway and the enforcement activities. It really is a very sincere commitment we have made and are undertaking.

If we take a look at the information and technology area, one of the most interesting findings of the Gibbons report is that the jurisdictions that do the best job of protecting the environment are also the most transparent. So we are developing an integrated, accessible information management strategy called Environet, and this will guide and transform the ministry's capability to deliver its many information-based programs via the Internet. It represents a new business delivery strategy. It will deliver single-window electronic access for ministry programs and policy development and for stakeholders. It uses an integrated approach that will link databases and provide information based on geography, sectors, programs and so on. This information will be fed into the system by industry, governments and other providers.

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Environet will improve the quality of our services in that it will enable us to meet the increasing demand for information and services, it will help reduce the cost of delivering programs and services, and it will provide real-time access to information used to enforce environmental regulations.

The ministry is using a phased-in approach to deliver Environet. We are building the system as business applications are needed. The first applications, the drinking water monitoring and compliance information system, OnAir and SWAT, have been approved and funded. The hazardous waste information network is the next proposed business application for Environet.

I have made several remarks, and I want to go back to what I said before on becoming a leading environmental jurisdiction. In doing so, I've referred to Val Gibbons's *Managing the Environment Report*. I've referred to the strategic shifts called for in the report and the way we're beginning to make those shifts, and I want to emphasize that those are just initial steps in the process.

I'd like to now turn to how we're specifically implementing the *Managing the Environment* vision. I've made reference to the fact that we have established a cabinet environment policy committee as well as an implementation and transition secretariat. The secretariat is led by an associate deputy minister, Bob Breeze, who is one of only two associate deputy ministers within government. Under his leadership, the secretariat is leading the changes taking place within the ministry and across the public service. Over the next six months, the secretariat will focus on establishing the initial mechanisms for making changes across the ministry, government and with other stakeholders; initiating test projects in such areas as economic instruments, integrated compliance assurance and performance management; and developing the external advisory capacity to link with the public, non-government groups and scientific, technical and environmental stakeholders.

I'd like to conclude by making some remarks about the cost of inaction. During the presentation today, I've tried to outline some of the accomplishments and current activities of the government and the Ministry of the Environment, and I've described a new vision that is guiding our efforts as we look for ways to manage the challenges facing the environment in this new century.

I've told you about some of the accomplishments and future directions. Certainly, we need to be cognizant of the fact that we all appreciate that the status quo is not acceptable. So we must embark, and we are embarking, on new paths with new ideas, new energy and new resources. We are investing more in the environment because the cost of inaction is simply too great. We must maintain and build upon our momentum, we must develop new partnerships and we must mobilize our resources and those of our partners. That's why I was pleased that on Focus Ontario on Saturday, the Environmental Commissioner recognized that things had changed at the ministry and that we were building upon a certain momentum.

We are endeavouring to move forward by working with partners from across the spectrum because we realize we can't do it alone. We must make capital investments in the physical infrastructure that supports our environmental efforts. At one time, this province planned its infrastructure with foresight and wisdom, and

I think that's part of the reason the government is trying to do this by having SuperBuild there and having a more strategic approach.

At the same time, we are becoming more strategic in the accumulation of another kind of capital—intellectual capital. This notion cuts to the core of what the Gibbons report is all about. Our greatest asset is knowledge: knowledge within the ministry and across the government and in all sectors of society. We need to foster the growth and sharing of this intellectual capital and ensure that it is harnessed for the good of the environment. Again, it comes back to our vision of finding, organizing and using the latest knowledge to ensure that best environmental management practices are in place and to ensure continuous improvement in the way we protect the environment on behalf of the people of Ontario.

If we fail to make timely and necessary investments in environmental infrastructure, the cost will be even greater if we fail to take timely action. In the same way, a failure to invest in our intellectual capital will have grave consequences. We cannot afford to fall behind the curve. We must continue our journey of continuous improvement. We must become a leading environmental jurisdiction and a model for other jurisdictions. That is our objective, that is our vision, and I look forward to working with all colleagues on all sides of the House in order to ensure that is a goal that we can achieve.

Mr Wood: The question I'd like to put to you first is, some time ago the ministry was taking a look at administrative monetary penalties as a means of enforcement, and I wondered to what extent they've been adopted as a means of enforcement and what the experience has been if they have been adopted.

Hon Mrs Witmer: Yes, we have been and are moving forward. I'm going to call on the ministry to share with you the details of what has happened thus far.

Mr Doug Barnes: I'm Doug Barnes, assistant deputy minister of the environmental integrated planning division.

The ministry received the authority in legislation two years ago to move forward on administrative monetary penalties. We have spent a number of months working on proposals because the administrative monetary penalties get into a whole area of our enforcement slightly above what you would call prosecutions. These are areas where we know that if we put in place an enforcement regime companies will not go down, where we might in fact get to the situation of some environmental harm. So this involves dealing with reporting. It involves security at different sites. In total, we've gone through all of the abatement activities and compliance activities we do in the ministry, and we are now coming forward with a review of all of that so we will then be able to proceed with an administrative monetary penalty regulation.

Mr Wood: I gather there have been none actually imposed as yet?

Mr Barnes: That's correct.

Mr Wood: OK. My second question is in the area of delegated regulation—you're familiar with delegated reg-

ulation in other areas such as the Technical Standards and Safety Authority. I wondered whether or not that was being looked at in any areas in which the Ministry of the Environment works.

Mr Barnes: The methodology that they use in the Technical Standards and Safety Authority for electrical inspections, elevator inspections: those areas, I suspect, are the ones that you would like a comparison to?

Mr Wood: I'm simply citing that as one example. Feel free to consider any instance of delegated regulation. I'd like to know whether or not you see the TSSA or similar models as being ones that could be looked at in the environmental area.

Mr Barnes: There are a couple of items. If you think about how you do manage the environment, as the Val Gibbons report recommended, there are areas where we need broader partnerships and self-management by different industry groups. In fact, some of the basics that we have started to put in place, like the environmental monitoring regulation for air standards, that in itself, in terms of running a Web site that industry can report to, would be a very viable alternative as well.

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Mr Wood: Are there other areas where you see delegated regulation as being worth looking at?

Mr Barnes: There are areas that we obviously could look at. We have a number of activities we're moving forward with. You could actually think about the partnership which is proposed in the waste diversion organization legislation, which is a situation where they're not only going to assist municipalities in funding waste management activities, but they're going to look at what the best practices are and they're going to support industry in terms of how waste is collected and what kinds of waste management practices industry itself can move forward on.

So in that sense it's not exactly the same as the TSSA model, but it is industry working with itself to in fact improve environmental performance.

Mr Wood: The TSSA model, as I see it, is in essence delegating the job of regulation to an independent entity, and that's done under a memorandum of understanding with the minister. That would be how I would describe it. That's really what I was wondering. You've offered some areas where you see that as possibly having some potential in the environmental area. Are there other areas you'd add to that, or do you think you're pretty much covered?

Mr Barnes: I would like to ask Mr Breeze to come up, because he's done some very good work in this area.

Mr Breeze: The issue was addressed to some extent as part of the Managing the Environment report prepared by Val Gibbons. She talked about agencies and compared Ontario to other jurisdictions along the line of the TSSA. What that report found was that jurisdictions that have good experience in developing agencies can be as good in developing them in the environmental area. She compared it in that report; we compared it in that report in probably 15 or 20 different jurisdictions. In the report,

she went a step further and said that at this point in time she recommended that it be considered, but be considered at a later date, because the range of changes that were recommended in the report was so substantial in terms of the five shifts that are in the report; that we actually get through those shifts and consider an agency, which the TSSA is, at a later date.

Mr Wood: But what do you think "later date" is likely to turn into in terms of a date?

Mr Breeze: In the case of the report, I think she recommended something like two to three years to be able to get through the bulk of the changes. If I could take a little bit broader—

Mr Wood: I'll pin you down just to make sure I've got your answer on that. When is it likely that you'd actually consider what I call "delegated regulation"? What date, what year would you anticipate that happening?

Mr Breeze: It's the same as we said in the report. I think we need to get through the five shifts, and it's two to three years by the time you could actually begin to consider the agency.

Mr Wood: As in two to three years from now?

Mr Breeze: From now, yes.

Mr Wood: OK. I had another, more general question, unless you wanted to add something to that answer.

Mr Breeze: I can add something to it, in that what Doug Barnes began to talk about is a broader range of tools that we can put on the table that can effectively get you to the same place. We're looking at some pilot projects, and the pilot projects would be co-operative agreements.

We've begun discussions with two or three different industrial sectors. In those industrial sectors, if the government signed an agreement with them, in return for clear targets, in return for transparency, they would sign on to continuous improvement, they would sign on to environmental management systems and they would sign on for third-party audits that would make sure that continuous improvement moves ahead. These co-operative agreements are all focused on a continuous improvement regime that would go beyond minimum standards.

So in essence we can get at the same thing you're looking at, I think, through those co-operative agreements, where those industries that are capable of going beyond the minimum standards are given the opportunity to do so, but they're given that opportunity in a very transparent world; they're given that opportunity with very clear targets established.

Mr Wood: Before I go on to a couple more questions, I would invite the—

Interjection.

Mr Wood: Before I get to the other area, I'd like to comment on what you just said. I do hope the ministry is going to look at 21st-century regulatory methods. There's a tendency in every organization to do things the way they've always done them and think that's the best possible way. Now that we're in the 21st century, I think you've got to look at some new ideas. So I encourage

you to continue to do that. I think that is an area well worth looking at.

Mr Breeze: Absolutely, and clearly one of the messages in the Managing the Environment report is, "Let's look at new ways of doing business. Let's look at all the ways of doing business and pick the best ones to solve today's problems."

Mr Wood: Another point I'd like to touch on quickly: in what way would you describe soil quality as having improved in the last six years in the province?

Hon Mrs Witmer: I'm going to call on Mr West.

Mr Bradley: This could eat up the rest of the time frame.

Mr Keith West: My name is Keith West. I'm the director of the waste management policy branch. A number of initiatives lead us to believe that soil in Ontario—particularly as we speak about contaminated sites and the cleanup of those sites—is improving and has the ability to be improved greatly here in Ontario.

In 1996, we produced what I believe is a very comprehensive guideline related to the cleanup of soil and setting standards related to the quality of soils in Ontario, related to when a site is looked at for a particular land use, when an assessment is being made around if there's any contamination and the ability of the ministry, the landowner and the developer to look at the criteria associated with the quality of the soil and cleaning it up toward those criteria. They have gone a long way and, as you are aware, we have introduced new legislation—brownfields legislation is currently going through the committee process and then the Legislature—to bring even further certainty around the cleanup of soils in Ontario to ensure that any contaminated site can be effectively and efficiently cleaned up and meet the standards we've set here to ensure there is protection of the environment.

Mr Wood: Time is a little tight, and some other colleagues want to ask some questions. I'm asking for the objective—

Hon Mrs Witmer: We could give you a further response. Mr Nixon would be prepared to respond to that question as well.

Mr Wood: What I'm looking for are the objective measurements by which you would suggest the soil quality has improved over the last six years. I understand what you're talking about. Time is tight; just tell me the bottom line measurements.

Mr West: I would suggest to you that the criteria that are currently in place within our guidelines and that will be put into regulation very clearly set out the types of quality of soil that we're looking for for particular land uses.

Mr Wood: I'm asking for the results.

Mr West: The results that I would indicate to you would be very much predicated in terms of the individual cleanups that we're seeing throughout Ontario; the fact that those quality criteria that are set are being met and that sites are being cleaned up.

Mr Wood: Do you have any overall answer to this? Can you give me an answer that would touch on province-wide results? Are they all site-by-site or is there any province-wide indication of this?

Mr West: I would suggest to you that they are very much site-by-site in terms of the cleanup we have, the criteria we have and the quality of soil we have after those cleanups are undertaken. So I can't direct you to anything specific in terms of province-wide, but we have very clear criteria and very successful cleanup of contaminated lands here in Ontario and will continue to do so under the new legislation that is being proposed.

Mr Wood: Those are my questions.

Mr Frank Mazzilli (London-Fanshawe): Minister, good afternoon. I certainly was happy to host a couple of sessions—

The Chair: Mr Mazzilli, for your benefit and the benefit of the rest of your caucus, there are about nine minutes remaining in your caucus time.

Mr Mazzilli:—on the brownfield consultation, one in Windsor and one in London. I'm encouraged because, for many years, we've seen—I know Mr Bradley spoke about this—some of the lots in our own communities that have been abandoned for some time. In some cases, they're industrial sites; in some cases, they're former gas stations, some Petro-Canada sites, at what I would consider prime corners in some of our communities, that literally have been abandoned, and no one in their right mind would put their name on the deed. We've left them for no use at all. As much as it's being led by Minister Hodgson, I think the reason those lots were left in the state they were over many years is because of some of the guidelines and rules of the Ministry of the Environment that prevent people from doing some things with those lands, and acknowledging that in some cases the damage had been done over 30 or 40 years. So on one hand, you don't want someone to do anything to it; on the other hand, it's going to cost \$20 million to clean up a site that perhaps could be used as a parking lot.

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My point is, it's no safer sitting there with no use and with barricades around it than if it were a parking lot. Some of the regulations and rules that we've put in place over the years, with good intention, have had the opposite effect: having lands sit there. So I just ask that through that consultation process you and your ministry be very cognizant of the fact that some of these rules and regulations are fine if they apply to individuals who in fact are conducting some sort of business. But there are problems that have been created over a period of time and we need to work our way out of those problems and perhaps be a little bit less lenient on those types of problems. I don't know what the answer is, but certainly doing nothing with them is not the answer.

On a further point, I would ask how many sites in this province has the Department of National Defence left without cleaning up?

Hon Mrs Witmer: Before I ask Mr Nixon if he's aware of that, if we take a look at the whole issue of

brownfields, it's like so many other problems in the province. Many of the environmental problems in Ontario and elsewhere are historical problems. They're years and years in the making, and suddenly we're faced with the need to do something about them. This legislation certainly deals with industrial sites that have been abandoned, and what we need to endeavour to do, and we are doing, and we've worked with Municipal Affairs and Housing on this, is to ensure that there is environmental cleanup of those sites and then there is an opportunity to ensure that there is development on those sites. So there are tremendous benefits from a few perspectives.

I'll ask Mr Nixon to respond to your question.

Mr Brian Nixon: To add to what the minister has said, and I think you're aware of this, Mr Mazzilli, the biggest concern of stakeholders, including property owners, is the liability chill that exists around contaminated lands. The process that the minister has outlined that is now going to be in statute is very clear as to the rules that have to be followed. Once those rules are followed and a cleanup is registered on a public registry and certified by a professional whose qualifications are defined by the statute, then the person or persons who do that cleanup can be assured that they will not be subject to future orders by the ministry.

In terms of the numbers of sites the federal government has left, I'm not aware of a specific inventory, but we do know that the federal government has announced in the past funding as a matter of priority for cleanup of those sites. But we can certainly seek out that information and bring it back to you.

Mr Mazzilli: I would encourage you to follow up on it, because many announcements have taken place, including in London, and years later people are still waiting to clean up the sites of some of those.

Mr Nixon: Yes.

Mr Mazzilli: On a brighter note, part of the consultation into the brownfields was our appetite for consumption in this province. I heard from a few people in those consultations who essentially said this: "Here we are in this room discussing how to reduce emissions and then we all run out to the parking lot and jump into our SUVs." So I guess my question is, what is the mood for consumption among Ontarians? We can all have good intentions and talk about what we would like to do, but if the people who actually have to do this, reduce the consumption, do not in fact want to do it, what is the plan then?

Hon Mrs Witmer: You've asked a very good question. If you take a look at polling that's been done, and I think it's by—

Mr Bradley: Not by your ministry.

Hon Mrs Witmer: Not by our government, even. But if you see some of the polling that's been done this past year, you will see that the environment is a huge priority for people. I think the numbers are higher than they have been in the past. People do want to improve, protect and enhance the environment, and I think there is a willingness on the part of many individuals to do their part and

assume some responsibility. Sometimes it's as simple as making people aware of what they can do. For example, we had our messaging—

The Chair: Minister, about two minutes.

Hon Mrs Witmer: OK—this summer about how using your gas-powered lawn mower and your other gas-powered tools can have a negative impact, and if you idle in front of the school when picking up your children, how that can have a negative impact. I think we need to better educate the public as to what they can do in ensuring protection and enhancement of the environment.

Mr Mazzilli: I agree with that, Minister, I think we need to do that. But, as this one person put it, we all understand that we need to do something.

Hon Mrs Witmer: That's right.

Mr Mazzilli: We all understand we have a role, yet all of us who understand that go out to the parking lot and jump into our SUVs and take six bags of garbage out to the curb. I guess no matter what we do, we need to solve some of those problems. I will just leave that with you.

Hon Mrs Witmer: I agree with you, Mr Mazzilli. We all know what we need to do but we don't always do what's necessary.

Mr Norm Miller (Parry Sound-Muskoka): How much time do we have?

The Chair: About a minute.

Mr Miller: OK, at which point, I'll just jump in here.

Seeing as both opposition parties commented on tax cuts being something they were worried about in terms of their effect on the Ministry of the Environment, I'd simply like to give the opposing point of view. I think our Premier and government have shown real leadership in these trying times by moving ahead with corporate tax reductions, by moving ahead with personal income tax reductions, moving ahead with the capital tax reduction. The main reason I would say this is a good thing to do is that he is showing confidence in our economy. He's showing confidence in the people of Ontario at a time when they very much need a boost of confidence. So much to do with the economy is based on confidence and the decisions in business that you make. I can give the example of my own resort where—

The Chair: Thanks, Mr Miller.

Mr Miller: That was it, eh?

The Chair: I don't want to get in the way of that advertisement, but you're very welcome to avail the subsequent time you have. We now move to 20-minute rounds, which are generally exchanges with the minister.

Mr Bradley: My first question is, are there discounts available to members of the Legislature?

Mr Miller: Yes. I was going to make that point.

The Chair: We now turn to Ms Di Cocco.

Ms Caroline Di Cocco (Sarnia-Lambton): Minister, my questions deal with the toxic hazardous waste site in my riding, called Safety-Kleen. As you know, it is the largest site in Canada and, as you also know, I've raised a number of very serious issues concerning that site to your predecessors as well as to yourself.

Last September, I and another resident applied for a review of the certificate of approval of this site, providing a great deal of evidence as to why we felt there was a need to review the business of that site and how it was doing its business.

The biggest issue was the fact that we're the only jurisdiction in North America that doesn't treat toxic hazardous waste before we landfill it. I believe that all of the states and all of the provinces—I think just this summer Quebec changed its regulations. We simply dump it into the ground.

We're talking about cleaning brownfields that have been there for years. This site was expanded in 1997. By the way, I understand there was some type of intervention made by the Red Tape Commission on behalf of Safety-Kleen. I don't know what the detail of that was, but it was made. In 1997, you expanded it from 100 acres to 300 acres. The increase of imported toxic waste going into that site was 273%.

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I guess what I'm concerned with is the application for review that was submitted. The response came, "No, not to worry." That's what I've been getting from the various ministers right from the beginning, that all of these standards are there. I understand why my colleague Mr Bradley said you needed a lot of communications people, because of words like, "We're making our rules compatible to the US." I'm assuming that requires a great deal of communication skills, because that doesn't really say you're making the rules more stringent, just that they're compatible, and of course it's all up for discussion as to what that means.

Again, we requested a number of things in that review: that we're not treating the waste; that we required a full-time inspector—I know there's an inspector there, but I understand he's only part-time; this is the largest toxic landfill in Canada, and yet the person there is only part-time—the emergency response systems; the fact that the financial security is abysmal on that site.

You talked about some small sites that needed \$20 million. Well, these guys only have \$2.25 million in the bonds that they have, and they have a liability insurance of \$20 million? Do you know how big this site is? It's huge, yet it seems to me, and according to the Environmental Commissioner, we don't have more stringent rules than the United States.

I'm getting conflicting responses from the ministry versus the commissioner. One of the responses, by the way, Minister, that just came recently from you talked about this regulation of accepting hazardous waste. If we don't have regulations that are stringent, maybe we should just not allow the waste to come into the province. Your responses to me—and your predecessors'—were always that this is of course under the government of Canada, when in fact if the province should deny a request for import, then the permit to import will not be issued by Environment Canada. That comes from the Minister of Environment at the federal level who has written to me in that regard.

You have a great deal of power, if you want, in your jurisdiction to assist us in raising the bar here, because it truly is affecting people in my constituency. The incinerator is a lot less stringent, by the way, than—we gave you that evidence in our application, but the commissioner also states it, that this incinerator, which has the most substantive mercury output and other toxic substances, has less stringent rules than the United States standards. As a matter of fact, it has less stringent rules than non-hazardous-waste incinerators. This is what I'm getting back from the commissioner, as to looking at our application.

I'm here because it does affect people's health. That is going to have a huge impact in that area. Now that I've laid all this out here as best I can—I certainly had no idea about many of these matters and made it my business to find out, because it truly is a serious issue—can you respond, to some degree, about the changes? You keep saying you're increasing and you're making these systems better. On this site, it is my evidence here that we don't have it. It isn't a better site. You haven't improved the rules.

Hon Mrs Witmer: I'm very pleased to respond to your question. Again, I would just like to remind you of the fact that the Environmental Commissioner's report only took us until the early part of 2001. The bar has been significantly raised since that time, this past year. This government is very committed to continually work to improve and strengthen the management of hazardous waste in Ontario. In fact, I directed Ministry of the Environment staff to prepare a proposal to look at the pre-treatment of the hazardous waste, and that is presently underway. It is an issue of concern and we need to make sure that we do everything we can. I was very pleased to note that this past year, when we took a look at our numbers from 1999 to 2000, the imports into the province had decreased by 35% and the exports had increased by 26%.

I want to emphasize that we are looking and moving toward harmonizing our standards with those in the United States. That's where we're going. At the present time already, the hazardous waste standards in this province are the toughest they have been in the history of Ontario, but we want to make sure that we continue to do everything we can in order to ensure that we deter United States companies from choosing Ontario as a destination, as well as making sure that, obviously, those who produce hazardous waste within our own province take the steps to decrease. So we are strengthening our policy.

I would just remind you that on July 5, 2001, we announced some proposed, very strict, new reporting rules and fees. That will mean that industry has to pay the cost for managing hazardous waste in Ontario. It will require the annual registering of companies that produce hazardous waste, which will allow us to track and monitor the movement of hazardous waste in the province. Also, hazardous waste producers must pay for each tonne sent for disposal. These new fees would create almost \$12 million in revenue for the government to monitor and enforce. I think that's very significant.

Also, if you look back at March 31 of this year, there were amendments made to strengthen the hazardous waste framework. Again, it's those amendments at that time that are moving us toward harmonization and being more consistent with the United States. But I recognize there is a way to go, and we will get there. I will be bringing forward more amendments in order that we have a strengthened hazardous waste framework in the future. Yes, we have heard your concerns about Safety-Kleen, and we will continue to take the steps that are necessary to ensure at all times, above everything else, the protection of human health.

Ms Di Cocco: And as to the incinerator, how do you respond to the fact that even the commissioner states that the incinerator, the standards finalized in 1995—it says here, "For air emissions from hazardous waste incinerators, our MOE standards finalized in 1995 for air emissions for new and modified non-hazardous waste incinerators are higher." In other words, non-hazardous incinerators are actually higher than this incinerator here. That's what concerns me, because if those rules haven't even kept pace with non-hazardous incinerators, then what's being spewed out of that stack is a lot more lethal. I have a number of people whose perception of the farming community in the area is that the illnesses are a lot greater than in the other area. That's why I'm so concerned about this. Then, with the response from the commissioner, it heightened the urgency to deal with this. This is the largest one in Ontario.

Hon Mrs Witmer: It is.

Ms Di Cocco: It's one. Let's just deal with this and see if we can change the rules so that at least it's a cleaner stack. How do we respond to what the commissioner stated here?

Hon Mrs Witmer: I'm going to ask—

Mr Jim Smith: I'm Jim Smith. I'm the director of the standards development branch. There are a number of areas I want to bring to your attention where we've significantly strengthened the standards that are associated with emissions from incinerators, such as the hazardous waste one, Safety-Kleen.

Ontario has actively participated in the development of Canada-wide standards for some very key, important substances. I know you're aware of these substances: dioxins, furans and mercury. For mercury, Ontario actually led the national initiative to reach consensus across the country on what would be the appropriate standards for these chemicals.

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For incinerators, not only hazardous waste incinerators but sewage, sludge, municipal and biomedical waste, standards were finalized for dioxins and furans, and they will apply to Safety-Kleen. What's important here is that the national process takes into account environmental protection and brings together national stakeholders in a very open, transparent consultation, to make sure the standards are appropriate and protective. Ontario also posted those standards on our Environmental Bill of

Rights registry for public comment before they were finalized in Ontario.

Similarly, for mercury, which is another major concern as a global pollutant, standards were developed for core incinerators as well, not only for hazardous incinerators—Safety-Kleen—but for sewage, sludge, municipal and biomedical waste. These standards are state-of-the-art in that they take into account current technologies that can bring down reductions to the greatest extent possible for these substances. That's what these standards are based on.

Ms Di Cocco: But these aren't going to be implemented. This is an existing incinerator that's been there for 20 years, so a lot of the rules don't apply to it. This is what alarmed me. Yes, you are changing the rules, but they don't seem to be applicable to existing—

Mr Smith: The rules are applicable to new incinerators and existing incinerators. There is a phase-in date for application, because the technology requirements need to be considered and alterations would need to be made to the facility to meet those.

Ms Di Cocco: But six years is going to be a long time. I believe it's 2006 that it has to be phased in.

Mr Smith: That's correct. That's all across Canada. These standards were looked at. They are aggressive standards in terms of what was required for implementation.

Mr John Gerretsen (Kingston and the Islands): How much time do we have left, Mr Chair?

The Chair: About five minutes.

Mr Gerretsen: Madam Minister, first of all, it's nice to see a minister here who is actually prepared to answer some questions, because you've got a great, big task ahead of you. Let's face it, the NAFTA environment office still calls us the third-worst polluter in North America of all the jurisdictions. All you have to do is look at the Environmental Commissioner's last three or four reports and you realize that the situation in Ontario has actually gotten a lot worse than better. So you've got a big job ahead of you, and I like this notion that you want to work with everybody.

My specific question relates to SuperBuild and OSTAR and your involvement in them, and in particular those applications that have been made by municipalities—I'm thinking of my own municipality of Kingston right now, where they've applied for a loan from SuperBuild in order to put a new sewer line into the Cataraqui River system, which will cost somewhere between \$15 million to \$20 million, or maybe even a lot more than that, which obviously a local municipality itself cannot afford. They made the application and they want to know where it's at.

If you're telling me that your ministry really has very little involvement in an issue which is purely environmental, I'm very disappointed in that. Could you just enlighten me as to whether you were involved in that process and what kinds of recommendations you, as minister, and your ministry made with respect to that particular and other like applications?

Hon Mrs Witmer: I don't know if you were here before, when we did respond to this question.

Mr Gerretsen: No, I wasn't here. I was in the House trying to straighten the government out on another issue. Go right ahead.

Hon Mrs Witmer: We did endeavour to respond to this question before and tried to indicate that our job was to take a look at the certificates of approval, which was an onerous task because some of them went back to 1970.

Mr Gerretsen: Oh, no, Minister. I heard all that. I was here for that. But from what you said earlier, it sounds to me like there are only two people making the final decision in all that, and that's Mr Lindsay of SuperBuild and the Premier of the province.

Mr Bradley: It's political.

Mr Gerretsen: It's purely a political decision. Will you agree with me on that?

Hon Mrs Witmer: The announcements are going to be made by Mr Coburn.

Mr Gerretsen: When? Can you give us a ballpark figure? I know governments usually like to keep these things somewhat secret so they can surprise the opposition members with them, but—

Hon Mrs Witmer: Obviously Mr Coburn would be in the best position to share with you the information as to when he would be making these announcements.

Mr Gerretsen: But this is my municipality. Forget about me, an opposition member, asking this. This is of grave concern to the city of Kingston.

Hon Mrs Witmer: I appreciate that.

Mr Gerretsen: They want to know when they can go ahead with it. Can they expect an announcement before Christmas, before next summer? When do you think it will be made? You don't have to give me the exact date or the manner in which it's going to be made.

Mr Bradley: Will there be a big cheque presented?

Hon Mrs Witmer: I can only say to Mr Gerretsen, and I think we would all agree, there is a need for the municipalities to be informed regarding the amount of money that is going to be available for this infrastructure. It is an announcement that will be made at a time and place that will be decided by Mr Coburn.

Mr Gerretsen: This is so disappointing. You sound just like the other minister we had here before. But I must admit, you do it in a much more pleasant fashion than we're accustomed to.

Mr Bradley: In the fullness of time, is that fair to say?

Hon Mrs Witmer: I guess whenever the decision is made. As I say, we have endeavoured to do our job as quickly as possible. We hired additional staff to do the work.

Mr Gerretsen: I guess the really truly disappointing aspect of this is that under the old MISA program years ago and all the other programs, the Ministry of the Environment was heavily involved in the lead-up. We have probably—and I think you'd agree with me—the best former Minister of the Environment right in this room by the name of Jim Bradley.

Hon Mrs Witmer: I'd agree he's pretty good.

Mr Gerretsen: But leaving that aside, you can better him if you'd just be out there fighting so municipalities can get the necessary funding to basically rebuild their infrastructure. It's needed all across the province. We'd like you to be at the table to make the final decision, and not just a recommendation to the chair of SuperBuild and the Premier. We want you to be there fighting for the

municipalities. Will you give that commitment to this committee?

Hon Mrs Witmer: John, I can commit to you that I will fight on behalf of municipalities.

Mr Gerretsen: Thank you very much.

The Chair: With that, we have concluded for today and we will resume next Tuesday. Thank you.

The committee adjourned at 1757.

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Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington L)

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Ms Anne Marzalik, research officer,
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Tuesday 16 October 2001

Journal des débats (Hansard)

Mardi 16 octobre 2001

**Standing committee on
estimates**

Ministry of the Environment

**Comité permanent des
budgets des dépenses**

Ministère de l'Environnement



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 16 October 2001

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 16 octobre 2001

The committee met at 1538 in room 228.

ELECTION OF ACTING CHAIR

Clerk of the Committee (Ms Susan Sourial):

Honourable members, it's my duty to call upon you to elect an Acting Chair. Are there any nominations?

Mr John O'Toole (Durham): I move Mr Peters.

Clerk of the Committee: Any further nominations? Seeing none, I declare the nominations closed. Mr Peters is elected Acting Chair.

COMMITTEE BUSINESS

The Acting Chair (Mr Steve Peters): We'll call the meeting to order. First off, just again on behalf of the committee members, Minister, a happy birthday today. We wish you many more.

Are there some items of business?

Mr O'Toole: Yes. I just wanted to move administratively to request the indulgence of the committee to move tomorrow's meeting, that's Wednesday's meeting, to next week to convenience the minister, who has an important prior commitment with a cabinet committee on environmental issues, which she chairs.

The Acting Chair: Is there any discussion?

Agreed? Agreed. Thank you, Mr O'Toole. Any other business?

MINISTRY OF THE ENVIRONMENT

The Acting Chair: We'll start with the NDP, 20 minutes.

Ms Shelley Martel (Nickel Belt): Minister, I wanted to spend my time today examining the relationship between SuperBuild funding and the ability of communities to receive this funding in a timely fashion so they can actually meet your safe drinking water guidelines.

I wanted to start with a letter actually from the city of Greater Sudbury that went to Mr Wilson, who's your regional director in Thunder Bay. It was dated August 30. The contents of the letter are as follows: the city made it clear that they were wanting to upgrade the David Street water plant to meet your guidelines; that in fact they were ready to go to tender at that time; that your government had committed funds from SuperBuild as early as June 15, but that they were not in a position to proceed

because the money has not flowed even to this point. Let me just read a part of this into the record:

"With these delays, we now face winter construction. The difficulties arising from work at this time make it impossible to complete the construction of this project by December 31, 2002, as required by Ontario drinking water regulation...."

"We now estimate that construction will extend well beyond December 31, 2002. Based upon the assumption that funding will be available before the end of the year 2001"—and there is still no guarantee of that—"we are now asking for an extension in order to complete the necessary upgrade at our David Street plant."

"Should the funding not be secured during the 2001 time frame, it may be necessary to request a further extension for the implementation of this critical work."

"We are very disappointed about the delay of this work. We look forward to your support in securing the necessary funding to commence the work. We appreciate your assistance and look forward to your granting of this extension."

Minister, I'd like to ask you what your response is to this. The community is now in the position of having to ask you for an extension to meet your guideline because your government still has not flowed the money they need to do the necessary upgrade.

Hon Elizabeth Witmer (Minister of the Environment): I can appreciate the concern of the community. As you know, it is our job to review all of the certificates of approval and prepare them. However, I believe the funding for the Sudbury project is not coming through OSTAR but through the millennium fund; is that right?

Ms Martel: Yes.

Hon Mrs Witmer: As you know, that money will be released by SuperBuild through the appropriate ministry at the appropriate time. I'm going to ask Bob Breeze, the associate deputy minister of the environment, to further address the issue in Sudbury, which I can well appreciate is of concern.

Mr Bob Breeze: While I recognize the issue at this point in time, I can't provide specifics on the Sudbury application but indeed can look into it.

As the minister has said, the applications come into the ministry, we conduct our technical review and, on the basis of that technical review, recommendations go on from there to SuperBuild, who make the final decisions and the final announcements. Where it exactly is in that

process at this point in time: I would need to go back and actually check the details of the records to find out at what point it is.

Ms Martel: There are two issues: the issue of the funding under the millennium fund and why the delay. There have been meetings that continue to go on in the community with no end in sight.

There is a second issue that relates directly to your ministry, and that is a request made on August 30 to the ministry to grant an extension. Even if funding were flowed tomorrow, this is an 18-month project. There is no way the community can meet the deadline under the clean water regulation. I'll get to the second role, about your role around SuperBuild, but there's a direct role for this ministry with respect to the request for the exemption.

Hon Mrs Witmer: In response to the request for the exemption, as you probably are well aware, Ms Martel, the directors have the ability to extend the deadline, should that be determined to be the appropriate decision to make, and they review all of these on a case-by-case basis. Certainly in this instance the director would be reviewing that particular request if the money is not provided in a timely manner. Obviously the work is not in a position to move forward.

Mr Griffith, do you have further information?

Mr Carl Griffith: Carl Griffith, assistant deputy minister for the operations division. I don't have specifics on the Sudbury file, but as the minister was saying, we review and negotiate with municipalities, and if there are valid reasons for an extension, then that decision can be made.

Ms Martel: Can I ask how long a decision takes? Their letter was forwarded August 30. We are now at October 16. There is no way the project will be completed, even if money was made available tomorrow. When can the city get a response, to know whether or not there will be an extension? Clearly, they don't want to contravene the guideline.

Hon Mrs Witmer: I would say in response to your question, Ms Martel, that it is incumbent upon the staff of the Ministry of the Environment to respond to the city in a very timely manner in order that that question can be answered. I would agree with you, even if the funding were to come tomorrow, that's simply not possible. We will endeavour to get a response for you.

Ms Martel: Further to that, Minister, would you know how many other communities might be in a similar situation to the city of Sudbury, that is, now applying to your regional directors for extensions, because money has not flowed from SuperBuild and they will be unable to meet the guideline? Are you monitoring those numbers of communities?

Hon Mrs Witmer: I would ask Mr Griffith if he has the numbers. I personally don't have knowledge of how many there would be.

Mr Griffith: I do not have those statistics with me, but we are keeping track of what is going on with the review of the engineering reports and municipalities as

they are coming forward with concerns around extensions and being able to meet the requirements of the regulation. I can commit to coming back with information on that, yes.

Ms Martel: I would appreciate that, if you could actually give the committee an idea of how many communities would be asking for exemptions now because they cannot meet the guideline.

Further to that, because that's something your ministry is directly responsible for, I'd like to know what kind of intervention you are making with SuperBuild and particularly with your colleague Minister Coburn with respect to delays in getting this money out the door. You have the guidelines. Municipalities are trying to meet those, yet clearly neither under OSTAR nor under the millennium fund has money actually started to flow for this project. What interventions are you making with him to get this money out the door so your guidelines can be met?

Hon Mrs Witmer: Obviously we are very keen and have been asking that this money would flow as quickly as it possibly could because we realize it is important that communities be in a position where they can meet the guidelines that have been set. We certainly have been intervening on a regular basis, not only with Minister Coburn but also to make sure that SuperBuild flows that money as quickly as possible.

Ms Martel: Do you have an idea how many applications are in on both programs, millennium funding which, as I understand it, would be for larger municipalities for these projects, and then to OSTAR for the smaller municipalities?

Hon Mrs Witmer: I think we can give you a response.

Mr Breeze: I'll speak to OSTAR. Under OSTAR they were required, first of all, under the regulations to submit what is called a mandatory engineer's report. Of those municipalities that were going to undertake them, we've funded 210, to the tune of \$3 million, so that has already flowed. All of the engineering reports came in by the final deadline, which was July 31, 2001, and there were 685 of them.

Four weeks after that, municipalities, after having submitted this technical report, had another deadline, August 31, which was the date you refer to, and that was to submit their OSTAR applications. Some 171 applications were submitted.

It's difficult to compare the two numbers, because the 171 refers to the number of municipalities and the 685 deals with facilities. Some municipalities have more than one facility, so it's a little bit apples and oranges. Both of those dates have been passed and all applications that we had expected indeed are already in.

Under the program we have to issue what are called draft certificates of approval. It's the technical approval that says to municipalities, "What you thought you were going to apply for actually is in keeping with the drinking water regulation." About 300 draft certificates of approval are out the door today, and by the end of the

calendar year all of the draft certificates will be available to municipalities. That's the end of this calendar year. Municipalities are then in a position to be able to take a look at the draft C of A, the regulation, make their decisions as to how they want to actually comply with the requirements and the certificate of approval and then make their final application for funding.

Ms Martel: This is strictly for engineering reports at this point in time, no remedial work?

Mr Breeze: This is for the complete requirements to comply with the drinking water protection regulations, all rolled into one singular piece. What I'm talking about are OSTAR numbers; I'm not talking about millennium numbers at this point in time.

Ms Martel: Let me back up, because I heard you say that money has been flowed from OSTAR.

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Mr Breeze: There are actually two amounts of monies that have flowed. There's the \$3 million that has gone out for the mandatory engineers' reports, and there are 210 of those. There are a number of municipalities that elected to do it themselves, so they simply didn't get money. So that amount is out the door. It went out the door sometime in the summer. I can't give you a specific date, but I believe it was sometime in the summer. That was amount number one. There are two options—

Ms Martel: Sorry, before you get there, there are two communities in my own riding where that has not been the case: the community of Foleyet, which is a small municipality that's run by a local service board, and the second one—they were good enough to provide me with the documentation so I could raise it here—has to do with the community of Gogama. In neither case has money been flowed for the engineering studies. So I have a couple of questions.

They were granted approval in February. They were told the amount of money they were going to receive. They received two letters on the same day, September 13, 2000. The first was to say that it was important to note that the amount they had been provided, or talked about in earlier correspondence, was only an estimate, and there was a review going on of the engineering report by MOE's engineer and that estimate might change. On the same day they got another letter from OSTAR saying, in fact, "We have revised our estimates based on our engineer's looking at your engineering report and we are revising our estimates downwards. We are not accepting all of the details included in the engineer's report."

I have a question about where that money is, but I also have a question as to why MOE engineers would be reviewing and revising downward estimates of work that came in from engineers that these two municipalities had contracted to. What is the basis for that?

Mr Breeze: Can I confirm the date? Did you say September 13, 2000 or 2001?

Ms Martel: It's 2001. I apologize if I said 2000. I have copies of both of them here.

Mr Breeze: We conduct a very detailed engineering review of the mandatory engineering reports that come

in. The purpose for doing that is to make sure that what they're actually applying for will result in compliance with the regulation. We are exercising a lot of due diligence. We are making sure that our evaluation is as rigorous as possible so that at the end of the day we end up with facilities that completely and fully comply.

The way the program is structured, if a municipality was looking for funding for activities that went beyond the drinking water regulation, those wouldn't be fundable. What we are funding in option number 1 is just those elements that get you to the regulation, not the elements that might take you beyond at this point in time. There are other options to deal with those, and that would be option 2 that I talked about earlier, but under option 1, the drinking water regulations, we would only fund those that get you to compliance of DWPR.

Ms Martel: Can you tell me, of the applications that have been reviewed to date under option 1, how many municipalities or local service boards would have had their estimates revised downward so that they will end up with less funding?

Mr Breeze: I don't have that information at this point in time. I also don't have the information about those that have—

Ms Martel: Upward. I was going to ask that next. I would appreciate actually if you could take a look at this to bring back this information to the committee so that we can have a sense of where communities are falling in this regard. This obviously has a tremendous impact on these two communities. They are small enough that they are not even organized in a municipal structure, so differences in evaluation downward, which may end up increasing their share, are really difficult for them to cope with. The second problem is—

Mr Breeze: Sorry, can I get the second? The first was Gogama and the second was—

Ms Martel: Foleyet. They're both local service board organizations.

The second problem is that in each of the cases, they were asked to provide a 10% share to the engineer. I understand there is a structure whereby they can then apply to the ministry and receive that 10% share back from the ministry. Am I correct?

Mr Breeze: I don't have the details of that.

Ms Martel: Does anyone?

Mr Breeze: I would actually have to get back to you on it.

Ms Martel: I would appreciate it if someone can check this for me. I was in both communities last week. They told me that they were responsible for dealing with the 10% share but there was a mechanism by which they could recover that from the ministry. My concern is that these are both communities that have had difficulty finding the 10%. If the ministry is going to recover that and pay them back anyway, don't put them through that in the first place. Don't make them have to fundraise to find that. They're incapable of coming up with that kind of money.

Mr Breeze: Is this 10% of the mandatory engineering reports?

Ms Martel: Yes, because the ministry is covering 90%.

Mr Breeze: On that particular issue, I will need to consult with OSTAR. Whether it's 10% or whatever percentage it is, that would come from OMAFRA and OSTAR.

Ms Martel: I would appreciate it if you could do that, and also let us know when some money is going to go out the door. The problem is that both those municipalities, because they haven't got even this far, have been unable to do any remedial work as well. The situation in Foleyet is that they really need to do some serious remedial work on their plant.

Hon Mrs Witmer: I appreciate your asking us when the money is going out the door, but I will tell you that that is a decision that is being made by SuperBuild and by OSTAR, through OMAFRA. We certainly have been encouraging them to flow that money, but until such time as that decision is made, we don't have any further information regarding timing.

Ms Martel: I understand that and I appreciate that, Minister. The problem is going to be that if a number of municipalities can't meet the guidelines, it's also going to reflect on your ministry and on you. Whatever you can do on an ongoing basis to encourage them to get the money out the door would be—

Hon Mrs Witmer: Obviously. We've been doing that. We hope it will soon flow.

Ms Martel: Can you tell me, even though it is not your pot of money, how much money the government has allocated to sewer and water under both programs, and if you can divide it, OSTAR on the one hand and millennium fund on the other. What is the government's commitment in this regard for sewer and water upgrades?

Mr Breeze: There is \$240 million for round 1. That includes what we call option 1, which is the drinking water protection regulation, and option 2, which includes waterworks and sewage works. It could also include bridges if municipalities had bridges. I believe OSTAR has expressed it as "at least \$240 million" for all of those activities. In option 2, it is difficult to say, because municipalities elect the type of application they want to come forward with. They could elect to come forward with a bridge or they could elect to come forward with a sewage plant if they felt that their sewage plant met all of the requirements. There are choices to be made, but the overall amount of money is \$240 million.

Ms Martel: My apologies. Can I just clarify? Is it \$240 million in total? I'm confused about your distinction between round 1 and round 2, and if that means round 2 means additional money.

Hon Mrs Witmer: What was committed by the government, through OSTAR, was a minimum of \$240 million for sewer and water infrastructure upgrades, with stress on the words "a minimum."

Ms Martel: And then through the millennium fund, there is additional money over and above the \$240 million?

Hon Mrs Witmer: The millennium fund is not allocated. It is what municipalities apply for. So that is handled a little bit differently.

Ms Martel: Has the government made a commitment, though, to funding in that regard? Is there a maximum? A minimum?

Hon Mrs Witmer: Again, that would be an issue for the Ministry of Finance. We don't make those decisions.

The Acting Chair: You've got about one minute left.

Ms Martel: You can't tell the committee, outside of that, what that funding level is. Over what period is that money to flow? Is there a limit on that as well?

Mr Breeze: The \$240 million was expressed over this round. It was expressed as a round, so over round 1, option 1 and option 2. It's all of the applications under option 1, where municipalities have to comply with the drinking water protection regulation. If municipalities don't apply under that, they can apply under option 2, and that includes the sewage systems, large water systems, and it could include bridges, for example, as well.

Ms Martel: Does round 2 begin after December 31, 2002, then?

Mr Breeze: Those applications have all been received and a number of those have even been announced.

Ms Marilyn Churley (Toronto-Danforth): For clarification on the \$240 million, did you say that is completely allocated for sewer and water or are there options to do other things with it as well?

Hon Mrs Witmer: The intent of the project and the money was to upgrade sewer and water infrastructure.

Ms Churley: You say that's the intent—

The Acting Chair: That concludes your time. We will go to the government side.

Mr O'Toole: Thank you, Minister, for this opportunity. Just to start off on a positive, optimistic note, I'm quite confident in your leadership and commitment, being the former Minister of Health, and seeing your linkage relationship between environment and your being in that position, I'm sure you're a person who will give it every consideration.

In a general sense, I'm encouraged when I look at estimates and see the increase in real dollars, much of which is going to the enforcement side or compliance side, I suspect, under sort of a SWAT initiative, and also a commitment to groundwater. I think it's \$2 million, as I read the number in here, specifically targeted, and you may want to correct that in your response.

1600

I want to dwell on something that I have spoken with you about, that I've had support from you on, and I'm looking for a continued commitment from your ministry. I'll focus my comments and observations on an issue that is a reality in my riding of Durham. As you're aware, the issue surrounds the controversy in the area of paper sludge, biosolid application on land, as well as the whole

issue of SoundSorb. I just want to review it for the record, because this will be the record I will be using to communicate to my constituents and my commitment to them.

On June 6, 2000, a resolution from the municipality of Clarington stated, and I quote the resolution directly: "Be it resolved that a letter be sent to the Ministry of the Environment urging immediate attention to timely well and water testing in the affected areas and that the results be released on an ongoing basis. Also that the information from the biosolids coordinator, the benefits study and the bioaerosol testing be made available in a timely, ongoing basis and that the ministry include products such as SoundSorb under its regulations."

As you're aware, SoundSorb is a mixture of paper sludge and sand and is currently exempt from the MOE regulations under the Environmental Protection Act, regulation 347. Paper sludge is regulated under the EPA but SoundSorb is not. That's quite a unique distinction, and I'm looking for a response as to why it is exempt.

Ken Gorman, director of environmental health for the region of Durham, suggests in written correspondence to the district manager of the York-Durham district office on June 11, 2001, that, "prior to extensions of any certificate of approval, the health department recommends that the Ontario Ministry of the Environment ensure that there are no adverse health effects or adverse environment impacts, including the protection of groundwater resources related to PFB (paper fibre biosolids)."

Dr Robert Kyle, Durham region commissioner and medical officer of health, as recently as September 20, has reported environmental inconsistencies in the use or application of SoundSorb at the Oshawa Gun Club—discharge that in the opinion of Durham region constitutes a hazardous waste which is regulated under the EPA—and has verbally reported this in writing to the MOE. The point I'm making here is that a non-regulated substance such as SoundSorb in their professional opinion should not be exempt.

Despite a number of reassurances to Protect the Ridges and to the regional municipality of Durham department of health by the MOE that it will conduct a groundwater study to address their concerns regarding potential PFB-regulated groundwater contamination, very little visible positive action has been taken. In fact, I've corresponded with the ministry on a number of occasions, dating as far back as early 2000, and to date there is no substantive response that I would like to put on the record.

All levels of municipal government and elected representatives in Durham—and that would include Clarington, Scugog, Oshawa and the region of Durham—are looking to you, the ministry, for leadership. They want enforcement. I was present at a meeting of the health and social services committee at Durham region on September 20. Durham region chair, Roger Anderson, called for charges to be laid—and I think I sent the press release in on that—with respect to the integrity of SoundSorb, specifically at the gun berms at the Oshawa

Gun Club. Dr Kyle indicated that the proper course for the region would be to call on the MOE to investigate and lay charges and requiring the cleanup of the site under the EPA.

Based on the MOE's record of responsiveness on this issue to date, what assurance do I have and how do I assure the leadership of Protect the Ridges—in this case it's Kevin Campbell, Debbie Vice and Martin Feaver, people I have a lot of respect for—the region of Durham, the municipality of Clarington and the township of Scugog that the Ministry of the Environment, and more specifically the York-Durham regional office, are acting in the best interests of the constituents of Durham and indeed the constituents of Ontario?

I really have two questions. First, what specific action is MOE taking to address the exemption of SoundSorb under regulation 347? I'm not satisfied. It just seems to be a grey area, that somehow or other, in any objective evaluation, the major component of the product is sludge, which is regulated, and the additive, which is sand—an inert substance—automatically changes this into an exempt product. That just doesn't make sense. That needs to be fixed, and I know we all want that fixed. I think it was being taken advantage of.

Second, specifically when will groundwater testing be complete and the results made public? Has the ministry met the commitments that I have in writing, which were: public consultation, September 24, 2001; well locations would be established October 8; and samples completed October 22, these samples to be made public in November.

We usually keep our promises. I'm anxious that we will indeed keep those promises.

I thank you for the indulgence of being able to put a rather formal statement on the record, but as you know, there are mounds of paper. I think this simplifies it down into the two primary issues of basically exempting a product, and then the whole biosolids utilization, which I might say has been under study since the 1990s when I was on regional council. I can tell you that the on-the-ground evidence is that there are fewer and fewer agribusinesses, successful agricultural people, who are willing to be a host.

I might say I'm pleased that under the nutrient management bill there is a provision for regulating all land application. I see in the future that everything from septic tanks to you name it will eventually have to be—I've gone on at some length and perhaps there will be a response, after I get a response. Thank you for the opportunity.

Ms Churley: We're used to that.

Hon Mrs Witmer: The reality is, I know that this is an issue that is of great concern, not only to yourself but to your constituents. I personally have had the opportunity to see at first hand, I've had the opportunity to meet with your constituents, and I certainly share your concerns. I think they're very legitimate concerns.

I believe it's very important that there is very strong enforcement of environmental laws. It's an integral part

of ensuring the protection of human health and our natural environment. I'm pleased that this past year the government did see fit to increase the budget of the Ministry of the Environment and we have been able to hire an additional 130 enforcement and investigative officers.

However, having said that, let's dwell on the issue that is of concern to you and your constituents. Based on the conversations I've had with you and your constituents, and a personal visit to see first hand, I have instructed the ministry to very carefully review the policy around the use and application of SoundSorb as a product. I have also instructed them to move forward with groundwater testing and the other parts of the plan of action that the ministry had committed to. I believe it is important that we ensure that the necessary safeguards are in place in order that we can protect the surrounding environment and human health in that particular community.

I'm going to call on a member of the Ministry of the Environment staff to respond more thoroughly to the issue.

Mr Bob Shaw: Bob Shaw, regional director of central region. Let me assure you, Mr O'Toole, that the ministry will meet its commitment to carry out a drilling program and a groundwater sampling program and make the results that we obtain publicly available. To that end in fact there is a meeting on Thursday of this week on-site with regard to that drilling program. The initial estimate of the extent of drilling that would be required has been revised upwards. It is now envisioned that in order to add more scientific rigour to this analysis in fact we will have to put some additional wells in place. What we're looking for here is whether or not there is any leachate, ie, water has mixed with this material and then it is seeping into the groundwater, in order that we ensure that if that has happened and if that is having a negative impact on the groundwater, we have put in sufficient monitoring wells to be able to capture that. We will be looking at three separate locations in order to do that.

1610

Mr O'Toole: Very good. I appreciate that response. Again, it is a sort of a formal process.

Just moving on to a more appreciative aspect, I appreciate that in a pure budget sense, the government and you have indicated there's increased money for enforcement in groundwater. There must be onerous demands on the system, because—I don't want to fall into the trap of using "the 10 lost years"; I don't mean it that way—I think there has been some lack of leadership over a decade or so specifically to this area. I am satisfied that at this point it is a high priority, for both the groundwater monitoring commitment, as well as the SWAT team. But even further is the whole issue of brownfield sites that you talk about in your introductory remarks as making use of lands that exist today that clearly, in everyone's statement that I've seen, have been neglected by every government in my time since being elected in the 1980s, where those sites just sat dormant and no one really dealt with them.

I have one last point, and there may be other members here who want to ask a question on this: we did talk before about the community well issue. Again, it's like Ms Martel's question. Some of meeting the drinking water guidelines is going to be a challenge. Small communities that are on community wells may be able to and should be required to meet the guidelines. Specific technical steps and methodologies may differ. Are they going to be able to meet the guidelines and not always follow a very prescriptive rigour of achieving those safe results?

I lived there. With 55 homes on a well, they never had a problem. I drank it, my five kids drank it and I'm still alive, mostly.

Mr James J. Bradley (St Catharines): That's debatable.

Mr O'Toole: Well, to say that's tough and insensitive.

They want to be assured that it's healthy. There are many communities in that shape. I know I've heard my friend here talk about it as well.

Hon Mrs Witmer: The whole issue of protection of drinking water, of course, has been of tremendous concern ever since the Walkerton situation. It truly was a wake-up call, not only for this province but for every province and territory across Canada.

As you know, we have introduced a very tough drinking water regulation, regulation 459, and other provinces and territories now are duplicating what we have in place. I guess we wanted to make sure we had the most comprehensive regulatory framework in Canada. We wanted to set out some very clear steps for testing and treatment, and we needed to ensure that everybody understood what needed to be done if a community did not meet the acceptable standards.

We have now, I believe, a very effective inspection and enforcement plan. We have tough new penalties for non-compliance. I believe that as a result, the public in this province is very well protected.

Now having said that, I do believe there is a recognition that when we move beyond the municipalities and we take a look at, for example, other, I guess, smaller waterworks, there is a need to take a look at how you ensure safe drinking water, but also, at the same time, take into consideration some of the costs and some of the complexity of what is required as well. We've had some very extensive consultations this past summer—they ended September 30—in order to come up with a plan that will ensure safe drinking water throughout Ontario. I'm going to ask Mr Barnes to further speak to the smaller waterworks in the province.

Mr Doug Barnes: Doug Barnes, assistant deputy minister of the integrated environmental planning division. The consultations that the minister has spoken of really have led us to look at not just the size of the waterworks, because in some cases the size of the waterworks may be nothing more than what you might call plumbing: there's not a very large distribution system; it's attached to a well which is principally within the property. So there are a number of differences in

terms of what the actual engineering of the system looks like.

On the other hand, what we've tried to recognize is how those facilities are used, so we've taken a look at those that we believe are more sensitive populations, like schools, day nurseries, retirement homes and things like that. Based on both trying to balance a health component, plus the differences in how these facilities are actually operated, we have put out for consultation a draft regulation which requires a different set of standards than that which is applied to the municipalities but which we fully believe will protect the residents of those institutions.

That requires a slightly less frequent regime of testing for microbiological. It certainly requires a less frequent testing regime for inorganic substances and pesticides. But it does still require that there's going to be disinfection, in other words, there's going to be treatment of the water source. It does require mandatory reporting. It does require mandatory testing. All of those, we believe, are essential ingredients to protect the residents of those institutions.

Mr O'Toole: It looks like there's some room, without lowering the standard. I commend you for working with smaller communities, whether they are in southern Ontario or northern Ontario. That's really why sometimes we are paralyzed by policy and not able to react with common sense, without using a term in a general way. But that's really what I was looking for.

I just want to reinforce again the important balance of the economy, in my case the economy being agriculture, and the nutrient management plan. The nutrient management plan, I think, is needed and supported by the OFA and others that I've met with. In fact, I attended the municipality of Clarington, which had an agricultural advisory committee of farm leaders, really, of many commodity groups. They were supportive and I have their report with me. I just wanted to be comfortable. One of the more important things I heard from them was the enforcement compliance part would be under the MOE, as I understand it, which is good; it sends the right professional signal. Now, there was the need for those enforcement people to have knowledge of the industry and not just be looking for, "Where's your C of A? You haven't got one. There's 401 calves here. You're out of business." There's the reality again of how this is going to work.

Do I have your assurance that there will be trained and knowledgeable people in that specific industry who will be involved in the site visits and enforcement portion?

The Acting Chair: Mr O'Toole, your time is up, but I will, out of interest, allow a very brief answer to your question.

Hon Mrs Witmer: I will tell you, having grown up in southwestern Ontario in a rural community, I'm certainly well aware of the fact that we need to ensure that we have very specially trained provincial officers who do the inspections when it comes to nutrient management legislation. It would be our intention to hire and train people who have an understanding and a sensitivity for the

agricultural community. This would be a totally new group of individuals who would be hired to do that type of work.

1620

Mr Gerard Kennedy (Parkdale-High Park): I wonder, Minister, if I can bring you from the rural to the urban. I specifically want to test some of the general assurances that you provide in the operation of your ministry about environmental protection. We have a site in my riding of which you have been made aware since at least the spring. The municipal address is 1947 Bloor. You've been asked to take an interest in some form of environmental action.

Hon Mrs Witmer: What was the name?

Mr Kennedy: It's 1947 Bloor Street, the Bloor-Ellis condominium development. It's adjacent to High Park. It is on a very sensitive area that has a history in terms of its environmental features because it contains hazardous contamination. That's been established at various times.

Your ministry has been asked to take an interest. I did so in the House. You've been requested by respected people from within the community, some of whom are here with us today: Dawn Napier, Don Barnett and Natalia Denton. What they are looking for is your assurance, your guarantee, that your ministry will take ultimate responsibility that the dangerous materials that exist at this site, including methylene chloride, which is a known carcinogen, petroleum products and zinc—that your ministry will take ultimate responsibility these contaminated materials will not be released into the air or into the soil or into the water of the adjacent properties. Let me just say for the record that this is a property at the headwaters—not the headwaters, but through the water stream, leading into High Park. High Park is used by millions of people in the Toronto area. It is very much an urban natural resource.

We have been in discussion with your ministry officials and I have to say that, so far, there hasn't been that strong an indication of active interest. But before I get into some of the problems we've encountered, both in terms of the investigations that have been done and in terms of the other jurisdictions, which are all saying, "We can't handle this issue," I would like to know, straightforward, is your ministry prepared to take an active interest, to either issue an order or to ask for an environmental assessment of this project for the damage it could create to the nearby area?

Hon Mrs Witmer: Mr Kennedy, do you have a copy of the letters that you shared with us on this issue?

Mr Kennedy: I have a copy, and I'll be happy to share that with you.

Hon Mrs Witmer: Also if you could maybe let us know the Ministry of the Environment officials with whom you have communicated, that would be very helpful as well.

Mr Kennedy: We're talking to the Toronto regional office specifically. My assistant will get the names to me in a minute here.

Hon Mrs Witmer: We would appreciate that, because I think our government is certainly on the record as having indicated that we want to do everything we can to strengthen the hazardous waste policy in the province of Ontario. I guess what you're referring to are some of the historical problems we face throughout our province, and we're now left, as a province and as taxpayers, to clean up. We certainly would, as we are doing elsewhere, want to take whatever steps are necessary. So if you could give us that information as quickly as possible—

Mr Kennedy: We've been speaking with Stephanie Barnes and Erin Gotlib specifically in your ministry, but I don't want to miss this opportunity, Minister. As you know, estimates—

Hon Mrs Witmer: Have you communicated with the Ministry of the Environment?

Mr Kennedy: Yes, we have communicated with the Ministry of Environment.

Hon Mrs Witmer: Do you have letters?

Mr Kennedy: We have received both letters and updates, not all of which I have in my possession with me today. We will undertake to provide that to you. But I wonder, Minister, while I have your attention, if I could relate to you as many specifics as possible, as you have a lot of the assembled ministry staff here today so we can know at least in principle, if for some reason the specific is not known. I've raised this issue twice in the House. I asked your representative a question. I also raised a statement about this, so I would hope that somewhere in the ministry this has been taken note of.

I was assured by your office directly, by your issues management people, that you were looking into this. Your issues management people have not gotten back to me since the summertime, but I am looking from you today at least to cover this in principle so the citizens who are here today will know what can happen.

I will tell you why. October 30 is the deadline for a site plan by the city. This site plan has been ordered by the Ontario Municipal Board, and this is a deferred date. This particular property was for 50 years the site of two gas stations. According to knowledgeable people, it was also a dump site, and the presence of methylene chloride really does suggest that. That doesn't arise ordinarily from the operation of gas station sites.

I can tell you this: neither the conservation authority nor the city of Toronto has the resources to independently test this site and ensure that it isn't damaging. At the end of this month, it's very conceivable that Toronto city council, in the absence of evidence, may be forced by the OMB to pass this particular site plan and to enable construction to begin in the spring.

What I'm a little confused about is that I have spoken to your issues management person who works in your office. My staff and I have spoken to people who work in your ministry offices. We are under the impression that at least the ministry was evaluating the specific request that came from Dawn Napier, among other people, asking for consideration for an environmental assessment, or other options which exist, given your powers as minister.

I wanted to ask you a specific question about the circumstance if the city says it doesn't have the resources to ensure that the process of excavating this site—it's a former landfill site at the side of a hill—can be done safely. Will you provide them with those resources? Or will you even direct them to make sure that this happens? Are you prepared to take action if the other agencies involved here declare that they need you?

Hon Mrs Witmer: First of all, Mr Kennedy, I'm not sure if you're aware of the process involved, but we do take all requests for environmental assessments very seriously. I think what I've heard you say is there have been written requests for environmental assessments. Is that right?

Mr Kennedy: With documentation, yes. And as I understand it—

Hon Mrs Witmer: They have gone to the Ministry of the Environment?

Mr Kennedy: Yes. I will register this small complaint: when we asked for the file at the Ministry of the Environment, we were a little startled to see it didn't contain information that had been sent to the Ministry of the Environment, because we asked them to share that with us. Notwithstanding, the information, as I understand it, has been delivered to the ministry some time ago.

Hon Mrs Witmer: I can assure you, all requests for environmental assessments are taken very seriously. However, it is a separate branch. It's obviously a branch that makes decisions independent of the minister. Recommendations do come to the minister, so I will endeavour to obtain the status of that request and respond to you as quickly as possible.

Mr Kennedy: I appreciate that undertaking.

An environmental assessment on a piece of private property, we understand, is unusual. It isn't the usual course of business. What is unusual about this site is it is an extremely sensitive location. It is right on the edge of High Park, at the corner of Bloor and Ellis. Most people who drive by, if it wasn't for the hoardings advertising million-dollar condominiums, would have thought it was part of High Park, but it is not. It requires somebody to rise above the jurisdiction. The city can only be concerned with the site itself. No one else is concerned with what happens.

The conservation authority wrote a letter that your officials have a copy of and said, "As long as there are no contaminants from this site, we don't have a problem. But we lack the resources to determine whether or not contaminants will be released."

There is a lot of buck-passing going on. I'm just asking you, if you find that there is a gap in other jurisdictions, will you use your discretionary powers to issue orders or to work collaboratively with the city to ensure, at the end of the day, that there is an independent guarantee of the safety of the nearby area? It includes a residential area, High Park, a waterway running into a recovered wetland area in High Park, and then eventually, Lake Ontario. Is that something that you would

also consider, in addition to finding out about an environmental assessment formal request and where it stands?

Hon Mrs Witmer: Obviously, not having any information regarding the situation which you bring to our attention today, and not being able to review any written communications, we would have to review this project. As I said before, we take this issue of hazardous waste very seriously, and that's why our government has introduced a very tough new regulatory framework.

Obviously, the request for the environmental assessment is with the environment branch that reviews these applications. I will endeavour to get back to you as quickly as possible, because I heard you say there is a timeline. But obviously we need to take a look at what needs to be provided.

Mr Kennedy: Just for the benefit of citizens—as I said, it's not just a constituency issue; millions of people in the course of the year use High Park; it's a Toronto treasure—can we at least understand that there is no barrier, that you will now take an active interest in this? You obviously have to verify the situation described, but you do have discretionary powers that can be used here. You can order the parties to undertake certain measures to ensure that this is a safe site? Is that correct?

Hon Mrs Witmer: I would refer the issue to staff, to Mr Griffith.

1630

Mr Griffith: Upon review and assessment, someone who has legislative authority, one of the directors or a provincial officer, can issue an order if measures are deemed to be necessary. So it's ministry staff that have the legislative authority that would issue an order.

Mr Kennedy: What would you consider a reasonable time for that assessment to take place? In other words, this matter was communicated to the ministry I believe in April or May. The urgency has been communicated. There have been no studies of this site since 1994—sorry, in 1998 there was a study done that was halted because gas was released and the local department of public health said, "Get off the site." So we have a partial study in 1998, a partial study in 1994. The current proponent of this development is refusing to do any health studies because they've got an OMB decision in their back pocket.

I can't get on my own a statement from the ministry whether they're even taking an interest in this. It's just all wait and see. We understood they contacted the conservation authority and said, "What do you think?" We've not heard anything back of a positive, active interest. Is that what we have a right to expect in this case? Should they be monitoring?

For example, an environmental subcommittee of the city of Toronto met not very long ago and there was no representative from the Ministry of the Environment there. There's another meeting on October 23, and I don't know whether ministry officials are sufficiently interested, if that's part of their mandate. Should we expect that active an interest or would they be more passive in this connection, do you think?

Mr Griffith: Those were multiple questions. Yes, we are always interested, as the minister said, in issues of the environment. I wish I could give you a reasonable time answer, but I'm not familiar with the site and I will have to verify what information has come forward, what action has been taken and review those details before determining what a reasonable timeline would be.

Mr Kennedy: Would you undertake to get back to me on that question; in other words, your determination of whether this is an acceptable way that this should be dealt with?

Mr Griffith: Again, what I'd like to do is go back and verify—

Mr Kennedy: But can you communicate that to me? By the time you've done that the committee will not be sitting. Can you communicate directly with me? Will you do that?

The Acting Chair: Minister, I think you gave that commitment.

Hon Mrs Witmer: Yes, I did. I've already said that—

Mr Kennedy: OK. I meant on that specific point, but I thank you for that clarification.

Just very quickly then, because I know there are other pressing issues on the environment around the province, the city of Toronto stood up in a public meeting and the Ontario Municipal Board said those concerns about the environment—this is an old gas station site; nobody denies there's poisonous stuff in the ground here. They said the city will have the resources to take care of that. That's what the OMB said in its decision, page 26 or 27. The city of Toronto public health authority stood up and said, "We do not have the resources. We cannot independently test this. We cannot find out whether this is hazardous to the citizenry, and so on. We're flying in the dark here." They asked me afterwards to see if the Ministry of the Environment would take an interest and even lend them the resources.

Is that kind of arrangement possible? Will you get involved with a city that declares it has that kind of difficulty and will you make available resources to work collaboratively with them to assess whether there's a danger? Is that an approach that your ministry might take? Is it possible?

Mr Griffith: There have been circumstances where individuals didn't have the resources or an entity did not have the resources where the ministry has gone in to try to make a determination about the environmental situation.

Mr Kennedy: I appreciate the assurance I've been given about more specific response, and I appreciate the minister's understanding that there is urgency involved, and I look forward to receiving that.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): Minister, I would like to talk about permits to take water. You may know that's a particular interest to residents in my riding. I had introduced Bill 121, a very short and simple bill, that would require the ministry to notify municipalities and conservation authorities when permits to take water were

applied for. That bill did pass second reading, and members of the government did support that. Unfortunately, the bill died when the House prorogued.

I reintroduced the bill, Bill 79, An Act to amend the Ontario Water Resources Act with respect to water source protection, and that was debated in the Legislature on the 28th of June. It was basically the same piece of legislation. It would require that the Ministry of the Environment notify municipalities and conservation authorities when they received permits to take water, simply notification. It also indicated in the bill, "When making any decision under this act, a director shall make decisions consistent with the statement of environmental values of the Ministry" of the Environment. It was the only change that was made to the bill.

I found it interesting as well when I was reviewing the report from the Environmental Commissioner on this very topic that within the body of the report it indicates that the Ministry of the Environment has indicated that revisions are needed to its permit to take water guidelines, that these revisions are important because they will spell out how ministry staff are to assess the impacts that water taking will have on the natural functions of the ecosystem. That's really what the statement of environmental values speaks to, that the director would have an ecosystem approach when considering permits to take water.

I was just wondering if you might be able to explain why on that day, June 28, members of the government chose not to support this piece of legislation.

Hon Mrs Witmer: I'm going to ask a member of staff to respond to that particular issue, part of what you have asked. I think they would be in a position to respond to you.

Mr Brian Nixon: My name is Brian Nixon, director of water policy with the ministry.

The regulation that the member refers to governs the permits to take water. There is a regulation—I think 285, and I can be corrected on that number—that does provide discretion to the director issuing the permits, that they can consult with municipalities depending on the circumstances of the permit.

Mrs Dombrowsky: Yes, and that's the distinction that my bill had, that instead of allowing the director that discretionary power it would require the director to simply provide notification to municipalities. I'm sure you can appreciate that for conservation authorities charged with the management of watersheds and municipalities that regularly review plans of subdivision that is very important information for them to understand how the water sources are in fact used within their jurisdictions.

It was a piece of legislation that initially was supported. So that part of the legislation I think we can sort of set over here because members of the government on record did support that and it passed second reading, obviously because that part of the legislation didn't change. In Bill 79, the only difference was that part that would require the director to consider the ministry's own statement of environmental values when considering

permits to take water. That bill didn't pass, and obviously it's that part of the bill that was problematic, and I would like to know from the minister why that would be the case.

Hon Mrs Witmer: I'm not sure, but if my recollection is accurate, is this not an issue that you have demonstrated an interest in for a long time and is there not an issue currently before the Environmental Review Tribunal related to this?

Mrs Dombrowsky: Yes, there is.

Hon Mrs Witmer: Given the fact that it is before the Environmental Review Tribunal, it would be incumbent upon us to await the outcome of the review on that particular issue. So since it is the subject of a hearing, it really is inappropriate for us to discuss that particular issue further.

Mrs Dombrowsky: So even though the Environmental Commissioner has indicated that this part of your management of water resources requires revision—in fact he states here, "revisions are not yet complete ..." the ministry "continues to issue PTTWs using its outdated guidelines and procedure manual." So it's been recognized that what's in place now is basically not effective and that what this bill would have directed ministry staff to do is simply consider your own statement of environmental values. This is not a document that I or the Ontario Liberal Party wrote. This is the Ministry of the Environment's statement of environmental values that everyone can read when we visit your Web site.

My question is, if this is what you say you hold as your statement of values when considering environmental issues, what's the problem with giving that direction in legislation to your staff that that's what they would consider when considering permits to take water?

Hon Mrs Witmer: I'm not sure where we're differing, but I guess at the present time all staff do have to follow the statement of environmental values according to the Environmental Bill of Rights.

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Mrs Dombrowsky: Actually, I think the public record would say that the ministry lawyers argue otherwise and that until it's legislation, they don't have to do that.

Hon Mrs Witmer: Maybe Mr Nixon could comment further in response to your question.

Mr Nixon: Further to the member, and following on what the minister has indicated, we do have a public statement of environmental values. The decisions the directors make in issuing permits are required to follow that statement. They are also required, according to the terms of the regulation that was brought in recently by the government, to consider the impact on the ecosystem in issuing those permits. As the member knows, all those permits are subject to appeal to the Environmental Review Tribunal, so if there is a question of whether or not those requirements under the regulation as well as the requirements under the Environmental Bill of Rights are being met adequately in the issuance of that permit, that is a matter of appeal.

I should also add that there are a number of public meetings that now take place as part of the permitting issue, depending on the size and—

Mrs Dombrowsky: In all cases?

Mr Nixon: Not in all cases. It really depends on the size of the permit and its impact.

The Acting Chair: We'll swing back to the NDP.

Ms Churley: I would be remiss if I didn't start by wishing you a happy birthday, Minister. What a way to spend your birthday. I hope you have more interesting things to do tonight.

Hon Mrs Witmer: I'm sure I do.

Ms Churley: I do appreciate your being here. I want to take this opportunity to probably—

Interjection.

Ms Churley: Yes, French classes, perhaps?

Hon Mrs Witmer: I took those.

Ms Churley: See, that's one down.

Interjection.

Ms Churley: Well, she hasn't said no yet; I heard her in the scrum today. Good luck in your decision-making.

I wanted to ask you specifically, how much has your ministry been asked to cut in the new round of restraints?

Hon Mrs Witmer: Do you know what? I'm really quite pleased to respond to that, because we have not. The Premier, I think, indicated quite clearly this year that the environment is a priority for the government, and we have not been asked to make any reductions. In fact, we've actually been able to increase the money allocated to the Ministry of the Environment beyond what we might have expected earlier this year.

Ms Churley: Yes, and I appreciate that. I know there has been some increase after the massive cuts.

Hon Mrs Witmer: We've been fighting diligently to ensure that we get our money.

Ms Churley: I appreciate that you have been doing that, and there has been some improvement. I acknowledge that. After the massive cuts, it was critical. But my question is related to—we all know that we're now in a recession. Nobody wants to use the R word, but it's true; and after September 11. There is a revenue problem, you can't have a deficit and there are more corporate tax cuts coming. So I'm asking you, I know there has been a slight increase, but are you going to be asked to cut more, either on operating—

Hon Mrs Witmer: We have not.

Ms Churley: So to date, you have not received any direction?

Hon Mrs Witmer: The Premier has emphasized time and time again that the environment is a priority for the government, and we have not, I would stress, been asked to make any reductions.

Ms Churley: OK, we'll stay tuned on that one. If you need any help from me in the House, let me know and I'll be glad to ask a pointed question.

Hon Mrs Witmer: OK.

Ms Churley: I wanted to ask you, speaking of staffing, do you have a number of how many permanent staff

are within the ministry right now? I don't mean contract, but permanent staff.

Hon Mrs Witmer: Yes, I think we do have that number, and I'm going to ask a member of our staff to respond.

Ms Dana Richardson: My name is Dana Richardson, and I am the ADM of the corporate management division for the Ministry of the Environment. This year in our estimates we have 1,686 funded positions in the ministry. These positions are a mixture of permanent staff and unclassified staff.

Ms Churley: Do you have a breakdown of the unclassified and permanent?

Ms Richardson: I don't have the exact number of unclassified staff, but I will endeavour to get you that number.

Ms Churley: Could you get that for me?

Hon Mrs Witmer: We'll do that, Ms Churley.

Ms Churley: I thank you for your answer. I wanted to come back to an FOI—I've got so many pieces of paper here—that we had asked about some time ago, about how many former full-time staff had been brought back on contract. The reason we were prompted to ask that question was because of the huge dollar figure in the line item in the last estimates briefing book, if you'll recall that, for contract services. We followed up again yesterday and were told that they didn't have the answer to that question and that your ministry doesn't have a database for the former full-time staff they hire—because that's what I'm asking about here. How many people who have been laid off have been brought back on contract?

We were told that people who are brought back are hired through an agency, and they just cut the pay-cheques to the agency—that's what you do—and not to the individuals. So we can't get that information. What I'm trying to underscore here is that it occurs to us that because such a huge amount is being paid out in contracts, there isn't acknowledgement that there was too much staff cut. Can you find out for us how many former staff people have been brought back on contract?

Hon Mrs Witmer: I'd have to ask the ministry staff as to whether they have the capability to do that, since that clearly is an administrative issue.

Ms Richardson: That's something that would take us some time, to gather that information. As you have been informed, we don't necessarily know, based on the agency, whether an individual is a former staff member, so we would actually have to go back and individually check each one of those. That's something we could do.

Ms Churley: I think it would be interesting to know, just to have the information to see, especially as the minister is fighting hard to get new resources, what kinds of staff have been let go in the past and the ones that needed to be brought back on contract. I would like to have that information. Thank you very much.

I wanted to come back to a couple of things from last week, when we were at estimates.

Hon Mrs Witmer: In response to questions that you've asked about staffing levels, I would just share

with you that in 2000-01, there were 1,501 funded positions and in 2001-02, there are 1,686 funded positions.

Ms Churley: What kind of positions? Sorry.

Hon Mrs Witmer: Funded positions.

Ms Churley: Funded, meaning permanent? I'm confused here.

Hon Mrs Witmer: In 2000-01, the 1,501 positions translate into 1,394 FTEs.

Ms Churley: Full time, OK.

Hon Mrs Witmer: In 2001-02, the 1,686 translate into 1,575 FTEs. I would just share that information with you.

Ms Churley: I wanted to come back to something you said last week in estimates—and I'm generally quoting. I took notes as best I could. In a question on SWAT, it had done—correct me if I'm wrong; this is what I wrote down—450 inspections to date in the areas of the electro- and nickel-plating industries, hazardous waste, septage, IC&I etc. I wrote down quickly what I could.

What I want to refer you to is this document that I continually refer to, and that is the leaked draft cabinet submission, which you're very familiar with. It's before your time with the ministry. I carry it with me everywhere, as you can see by the dog-eared pages.

Hon Mrs Witmer: No, I'm not familiar with the document; you must be.

1650

Ms Churley: What I wanted to refer you to is this: in that report, the senior staff proposed a priority issue to be tackled by the SWAT team. It said 111 industrial companies were out of compliance with the clean water regulations and some had been out of compliance for over two years. This report proposed that SWAT staff conduct two inspections per month in those plants in order to ensure "less contaminants released to waterways affecting drinking water."

You didn't refer to that when you talked about what SWAT had been doing. So my question is, did you do that and how many of those plants, of which I understand 79 or so have been out of compliance for more than two years, have been brought into compliance?

Hon Mrs Witmer: Just let me say how very proud I am personally of our SWAT team. I think they've done an outstanding job in a very short period of time. They have been made permanent and I know they are actively pursuing companies that are engaging in practices that threaten public health and also damage the environment. I'm pleased that the director of the SWAT team is here today to respond very specifically to some of your questions.

Mr John Stager: My name is John Stager and I am the director of the environmental SWAT team. I do want to state, firstly, that the environmental SWAT team is really part of a larger enforcement group within the ministry. We are certainly a strong enforcement team, but we work very closely with the district and field offices, and there are other enforcement groups within the ministry, such as smog patrol, which carry out strong enforcement activities as well.

As we chose our sectors, we used a very strong risk assessment approach. The drivers for picking sectors for us are really a combination of environmental human health impacts and records of non-compliance. We've done six sectors to date as an environmental SWAT team and, as we chose our sectors, we worked very closely with the district offices.

As part of the dialogue with the districts, we talked about the water inspection program. The district officers are taking a very strong stance on water inspections and have actually dedicated a project team within the districts to undertake water inspections for the ministry. Based on those dialogues, we looked at additional sectors where we felt there was risk and actually put a great emphasis on some of those sectors we've already talked about—for example, metal platers, septage haulers and other areas.

Ms Churley: Thank you for that information. I agree with you that those other sectors urgently needed attention as well. But I'd like to come back to my question—do I need to repeat it, or do you recall what I asked?

Hon Mrs Witmer: If you would just repeat it, go ahead.

Ms Churley: Specifically, this report I'm referring to, the draft submission, said there were 111 industrial companies out of compliance and some had been out of compliance for two years. The report said that a SWAT team would do two inspections per month in order to get that cleared up. I wanted to know if these inspections have happened. Have the 79 that were out of compliance for more than two years been brought into compliance, and have those other inspections happened?

Hon Mrs Witmer: What is the date of that report, Ms Churley, just so I know what we're dealing with?

Ms Churley: I should know that by heart. It's March 14, 2000.

Hon Mrs Witmer: Which one?

Ms Churley: This is the draft cabinet submission, which is dated March 14, 2000, A Cleaner Ontario: toughest penalties legislation, environmental SWAT teams and a toll-free pollution hotline. That's where this was recommended.

Hon Mrs Witmer: OK. I guess since that was a draft cabinet document from last year that you're referring to, I'm obviously not in a position to indicate to you whether or not that was ever approved by cabinet. I would ask Mr Griffith if he has further comments.

Ms Churley: May I interrupt just briefly? I referred to this document so you'd know where the information came from.

Hon Mrs Witmer: Yes.

Ms Churley: I am more concerned because I think this is a very serious problem, as I am sure you would agree. We talked about contaminants in water earlier. I'm concerned, no matter who does it, that it's being done. It's alarming that 79 of those had been out of compliance at that time for more than two years. I want to know if they have been brought into compliance, and if they haven't been inspected yet, what is the game plan?

Mr Griffith: If you're referring to the industrial sewage dischargers—and that I'm not sure of that—then we did have—

Ms Churley: Industrial companies, yes, specifically.

Mr Griffith: Then if we are talking about the same set of polluters, it's my understanding that there were 48 of those in 2000 that were repeat non-compliance and that action had been taken on all of those. They were not done by the SWAT team, they were done through our regular inspection, or there were a number that had already come back into compliance and no further action was necessary to get them into compliance.

Ms Churley: So if we're talking about the same thing, and I'm not clear that we are—

Mr Griffith: Nor am I, but I hope—

Ms Churley: According to this document, 111 industrial companies—that's what it says in this document—are out of compliance with clean water regulations. So I'm not sure we are talking about the same thing here. I'm trying to find the page number in this to show you. We might want to come back to that. It's something that, if you can't answer today, I'll find the reference in here, because I have a couple of other questions.

Hon Mrs Witmer: I've just been handed some information. I believe that what Mr Griffith has just responded to does address your concern, because I see that there was a question asked to the standing committee on public accounts on October 4, 2001, regarding these 111 industrial plants not being in compliance. Was that what you're referring to?

Ms Churley: OK, now I've got page 18 of 33 in this thing. It says industrial direct discharges to waterways, more than 135 sites regulate, blah, blah, blah, mandatory reporting reveals some 111 companies out of compliance in meeting the regulated effluent limits. So that's what this document says, and you're using different numbers.

Mr Griffith: I don't want to, by any means, mislead this committee, so I'm wondering if we can exchange that information and I can ensure that we are talking about the same dischargers.

Ms Churley: Yes. I think that would be a good idea. We can do that after and I can get more information.

The Acting Chair: There's just over a minute left.

Ms Churley: What am I going to pick here? I guess because I have little time left, I'm going to ask you a very simple question, then, on something we can do something about. The Environmental Commissioner says that as much as 12% of our smog results from vehicle idling. Your government has refused to agree to a review of the legislated barriers to municipalities being able to pass and enforce bylaws to restrict unnecessary idling of cars, trucks and buses. I don't understand why your ministry has decided to refuse to allow municipalities to review the legislation that's restricting them from doing this. I asked this before you were minister. It's such a simple, little thing that could make a difference.

Hon Mrs Witmer: I would agree with you, because part of what I've been trying to do is work with the

school community, where we have a huge problem with parents idling in front of the school, waiting to pick up their children. I've been participating in some programs with some non-profit groups who are trying to discourage people. I visited a school last week in my own community and that was my message to students, that they needed to educate their parents. It would certainly be my intention that we would undertake to do whatever we can do at the Ministry of the Environment to better educate and raise public awareness about the tremendous negative impact of idling on air pollution. I will certainly take a look at this.

Ms Churley: I'd appreciate that because it is rather silly and I'm not sure why in the past when I raised it—

Hon Mrs Witmer: No, whatever we can do. I'll look at that.

The Acting Chair: Thank you both. Time has expired. We will turn to the government side.

Mr Norm Miller (Parry Sound-Muskoka): It's a pleasure to be able to take part in this estimates committee this afternoon. I would like to praise the government for the creation of their alternative fuels committee that met this summer on a number of occasions, gathering input from many different sources on different forms of energy for the future. I know that's a personal interest of Steve Gilchrist, and he's taken me aside and conversed with me about that. He's said that he'd like to see all automobiles in Ontario powered by hydrogen within 10 years.

1700

The Acting Chair: Hey, bio-diesel and ethanol—

Mr Miller: I'm happy to see that the government is looking to the future, and looking to a future without internal combustion engines, at least powered as we currently power them. I'm happy to see that.

Also, I wanted to inquire a bit more about the Drive Clean program. Just last week, as a matter of fact, I was asked by a radio station in my riding, Parry Sound-Muskoka, about the Drive Clean program, specifically whether there are plans to expand that across the province, in particular to Parry Sound-Muskoka.

Hon Mrs Witmer: OK, the Drive Clean program, yes. I just had the opportunity, since my birthday was upcoming, to have my car go through the Drive Clean program, and I was delighted and thrilled that it passed the test. So I now have my little sticker.

As you know, we started in the Toronto-Hamilton area with phase one of the program. We moved into phase two into southern Ontario, and just recently we looked at expanding the program from Windsor to Ottawa, which is considered a highly populated area, where we believe the introduction of the Drive Clean program will have a very positive impact on reducing air pollution.

At the present time, there are no plans to expand the program into the Parry Sound community. However, obviously, that will be determined by the public interest at some future date. The program will always continue to remain under review. I have to tell you, we were thrilled that in the first two years the emissions have been

reduced by 11.5%. That's very significant. Also, people have been really pleased when they've had their automobiles tested because some of them are still under warranty and they've found some emission problems, and of course they've been able to have the cars repaired without any additional cost to themselves. So we do find the program is having a positive impact on air quality.

Mr Miller: That 11% reduction in emissions is certainly commendable. It sounds like you're concentrating on the more populated areas to begin with.

Hon Mrs Witmer: Yes, we are.

Mr Miller: How old is a car before it goes through this Drive Clean testing?

Hon Mrs Witmer: Three years old.

Mr Miller: OK. In our riding of Parry Sound-Muskoka, Bracebridge in particular, there's a composting plant located there. Actually, a month or so ago I had a tour of the composting plant. I know a lot of our waste is organic. I think something like 30% is organic, so obviously it's important to be able to treat the organics. I assume there's a future for composting in the province. Although, speaking to the operator of that land—it's a privately run facility—he said he currently isn't breaking even and that he might not continue to operate it in the future if he doesn't eventually break even.

I'm wondering, generally, if there are plans for composting in the province's plans and, specifically, can sludge be used—I think I've got the right term—in composting; municipal sludge from sewage treatment plants, for example?

Hon Mrs Witmer: Thank you very much for the question. Actually, I think it's a very exciting time in the history of this province as far as taking a look at the whole issue of waste diversion. As you are well aware, we presently have legislation that is making its way through the House which enables industry and municipalities to partner in creating a sustainable waste diversion program. We are actually building on the success of the blue box program, which, I just want to add here, had its birth in the city of Kitchener. Wayne is quite proud because, of course, Wayne and I represent the city of Kitchener. Nyle Ludolph was the individual who helped introduce that through Laidlaw 20 years ago. We are now in the process of passing legislation that will help Ontario meet and surpass the 50% goal we have of waste diversion. But let me ask Mr West specifically to respond to your question.

Mr Keith West: My name is Keith West. I'm the director of the waste management policy branch. Last week the minister released a municipal 3Rs fact sheet, which is done through partnership with a number of different groups that the ministry partners with to look at municipal 3Rs across the province on an annual basis and how they're performing. One of those benchmarks is related to organics, specifically composting. I can say to you that as part of that there was an 8% increase in the amount of material that is going to composting here in Ontario. We're up well over 300,000 tonnes that we are

composting, and facilities such as the one in the Parry Sound area are certainly contributing to that.

Does that mean that we don't have an opportunity to go further on that aspect? The answer is absolutely no, and that's what the proposed Waste Diversion Act is all about. There are a number of things that are in that act that would very much allow us to expand upon recycling here in Ontario, waste diversion across the board for all of our municipalities, and industry as well.

From a composting perspective, the proposed act allows for a series of waste materials to be designated. It gives the minister that authority to say, "I'm interested in this material," and it sets up an arm's-length, not-for-profit corporation called Waste Diversion Ontario. It's made up of a number of industry sectors, industry representatives, municipal representatives and non-governmental organizations. The minister, in designating a material, such as organics, can ask for that organization to put together a program related to the further diversion and increase of diversion, including specific targets related to aspects of composting, and specifically organics.

Under the proposed bill, the list we're looking at in terms of the materials to be designated very much includes organics. And you're right; if there's one area where we have a lot of potential in terms of increasing even above and beyond what we've currently done, it's on the organics side. I look forward, under that proposed bill, if it's passed, to organics being designated for an organics program to be developed by Waste Diversion Ontario. The act provides for the minister to approve that program as it's developed and it also provides for the necessary funding to implement those programs as well.

So we look forward under the new proposed bill to having organic materials designated, we look forward to further growth in that regard. We look forward to the fact that this goes above and beyond the current regulations that we have in place in Ontario; very specifically, requirements for leaf and yard diversion and composting. We already have those in place and we look forward to further increasing that.

With regard to the question you asked around biosolids, as you know, we have biosolids that are generated by municipalities through their sewage treatment plants. I'm not sure if I caught your question completely. We don't normally see biosolids composted with general composting materials. That doesn't mean that can't be the case. There are specific quality requirements that are required to be met under our regulations in order for that to happen.

I guess my answer to you would be, very seriously, we look to see greater diversion of organics across the board and beneficial use of those, especially the composting side that you mentioned.

1710

Mr Miller: Thank you very much for your answer. I'm happy to hear there is going to be an increased emphasis on composting. I think that will be a great benefit to our environment.

I had a tour of the Muskoka recycling plant as well at the same time as I toured the composting plant. I was impressed to see what we're doing in our riding of Parry Sound-Muskoka.

I just have a general question about incineration and I'm wondering, is there much incineration done in the province of Ontario at this time? Maybe some general background on incineration: is it something that's allowed? Also, if you have any background on what happens in other parts of the world, that would be appreciated.

Hon Mrs Witmer: I would ask Mr West to again respond, since he has a wonderful knowledge of this whole area.

Mr West: We have very limited incineration here in Ontario historically. If I remember correctly, we have two facilities that treat municipal solid waste, one in the Hamilton area and one in the Peel area. Incineration is not a particularly large area in terms of the way we treat our municipal solid waste. All told, if I remember correctly, less than 10% of our waste is treated in this fashion. In fact, I think it's even smaller than that.

Yes, very much so, incineration is on the table for any municipality or any private sector company to come in and request an approval regarding incineration. We have a very detailed, state-of-the-art guideline that requires parameters to be met in establishing a municipal solid waste incinerator. That guideline is recent and it is state-of-the-art and it is very much on the table for any company to come in and request an approval if they see that as part of their waste management program, including municipalities.

Mr Miller: Are there any businesses generating electricity through the disposal of garbage?

Mr West: Not that I'm aware of. I could be mistaken on that, but I don't believe there are any currently. That doesn't mean that would not be permitted under our regulatory regime, but I'm not aware of any. There are companies that are generating energy from specific landfills but not related to incineration that I'm aware of.

Mr Miller: Thank you very much for your answer. I'll pass it on.

Mr Wayne Wettlaufer (Kitchener Centre): Minister, if you've answered this in the first couple days of estimates, I apologize, but as you're aware, I wasn't able to be here last week.

Hon Mrs Witmer: I wonder why.

Mr Wettlaufer: Yes, I wonder why. It's a very important event in my riding. Oktoberfest is the biggest celebration in Ontario of its kind.

Mr Bradley: I hope you didn't drink any beer.

Mr Wettlaufer: Very little.

You're aware, of course, that as beautiful an area as we represent, nevertheless we have had for three years running now an air pollution problem. I know you've probably received letters from your constituents, as I have, especially those people who are asthmatic or have other breathing problems. Being in the unique situation of having been a former Minister of Health, you are

really aware of the ramifications of this type of air pollution. I'm pleased to hear that there has been an 11% reduction in the emissions as a result of the Drive Clean program. That's great. But we have other problems: emissions from coal-fired hydro plants, industrial emissions; we also have the industrial emissions from the Midwest. It's imported here, whether or not we want it. Also, the love affair the Americans have with their automobiles means we have automobile emissions that are making their way here via the jet stream. I don't have any numbers as to the approximate percentage of pollutants that we are importing and I was wondering if perhaps you have it in your ministry and if you could shed some light on it.

Hon Mrs Witmer: You're very accurate in your assessment that obviously not all of the pollution and bad air in the province of Ontario is created by people in this province, whether it's in transportation or the electrical sector or the industrial sector. We refer to 50% of all pollution coming from across the border, and obviously that, again, would depend on where you reside and at any given time in the year. But I'm going to ask a member of our staff to provide you with some additional details.

Mr P.K. Misra: My name is P.K. Misra. I'm the assistant director of the monitoring and reporting branch of the ministry.

As the minister pointed out, at least 50% of the pollution that we see in southern Ontario comes from sources in the United States. These are basically the sources generated by, particularly, the Midwest United States. The pollution is carried by the wind to southern Ontario, and it varies. For instance, Windsor, which is at the southern tip of the province, will get more of it and as we go further north, it reduces by amount. But we get at least 50%, and sometimes it can be as high as 80%.

Mr Wettlaufer: This also can be reflected in terms of acid rain. Approximately what percentage of the acid rain that falls in our area and in Georgian Bay-Muskoka would be from that pollution from the States?

Mr Misra: About the same amount: the 50% on average we estimate is caused by the pollution from the United States.

Hon Mrs Witmer: Just to respond to your question further, as a point of interest. Yesterday I had the chance to meet with the governor of New Hampshire. One of the issues we did discuss was this whole issue of air pollution. The eastern states have worked very collaboratively with the eastern provinces, and they have come up with some agreements. She, I think, was very optimistic that there would be an opportunity for us to work together and get outside some of the American states that border the Great Lakes where, obviously, our pollution comes from.

I was scheduled to go to Washington just shortly after September 11 to meet with the EPA and see if we couldn't start some discussions because we can do a lot in this province, but as you've just heard, if at least 50% is coming from across the border, we have to ensure that actions are taken across the border that are going to have

an impact on improving our own air quality. We can't do it alone.

So I have to tell you, I was quite reassured. Despite what the federal government might be saying, there was a sense of a willingness among the local states to move forward with improving air quality.

The Acting Chair: About a minute, Mr Mazzilli.

Mr Frank Mazzilli (London-Fanshawe): Good afternoon, Minister, and happy birthday.

I just want to talk about a couple of very simple things, and that's when it comes to landfill sites and garbage. I talked the other day about the appetite for consumption, whether it's SUVs. It seems to me that when you look at the curbsides, consumption is going up. Packaging today is, I would call it, at ridiculous levels.

Hon Mrs Witmer: I'd agree.

Mr Mazzilli: If we have kids in school, there's a package for a small amount of product. You pick up lunch in the cafeteria downstairs and you bring it up in a Styrofoam package or a plastic package, and then somehow you have the audacity to get up and claim that you're for the environment. We keep hearing these mantras, but the consumption appetite is there. Are there any national and provincial strategies working on these issues?

Hon Mrs Witmer: I'm not aware of any national strategy. I could tell you that there's nationwide concern about the fact that we continue to be a society that consumes and tends not to focus on the 3Rs to the extent that we could. I'm going to let Mr West respond on the provincial level.

The Acting Chair: Quickly, please. We don't have much time, Mr West.

1720

Mr West: If I could add, on the national level, there was an initiative not too long ago that hasn't been completed. A national task force was put together with a target of reducing the amount of packaging by 50%. All of the provinces participated in that. Ontario, specifically, was certainly part of that task force. Its report, which I believe was released not too long ago, did in fact indicate that the 50% had been reached before the specified time frame that they were looking for. I would just add that to what the minister had to say.

Mr Mazzilli: I understand the strategies, but it just seems to me that none of the strategies are working, because the consumption appetite is there among consumers, among all of us, to purchase these products in that type of packaging. I know there are no easy solutions, and I leave that with you.

Mr Bradley: With Mr West at the microphone, I might as well go to that question first.

Hon Mrs Witmer: This must be a waste question.

Mr Bradley: It is. Mr Miller raised it. Every once in a while, the incinerator crowd rears its head, and they never tell you that incinerators end up eating up that which would normally go to recycling. It sounds attractive if they're going to put a landfill in your site that you should have an incinerator. I'll get around to a specific

incinerator. I think you mentioned two in Ontario that are operating: Peel and SWARU. Can you tell me whether SWARU is meeting the 2001 emission requirements of the Ministry of the Environment? Probably air quality—

Hon Mrs Witmer: I'm not sure if we have the answer today, but we would certainly endeavour to get that response for you.

Mr Bradley: My strong suspicion would be that SWARU is not meeting those requirements at the present time and should be forced to meet those requirements, or close; one of the two. But I thought I would ask. It's unfair to Mr West because it was, in fact, an air quality question.

Hon Mrs Witmer: I would certainly concur with the statement that you've just made, and we'll get that information for you.

Mr Bradley: I recall having to be in court in Detroit to answer questions about SWARU.

Hon Mrs Witmer: When was that?

Mr Bradley: That was when we were taking the city of Detroit to court over their proposed incinerator, which we insisted would have scrubber baghouse technology, rather than the electrostatic precipitator they were proposing for it. I'd not been in court before in my life, Minister, and you'd be interested to know that, in court, a minister actually has to answer questions, unlike the Legislature where the minister can choose to answer or not; or the estimates committee. So it was rather interesting.

One of the questions they kept asking about was SWARU, which I thought was irrelevant because it was an old incinerator and we were talking about new conditions. The judge did not necessarily agree with me, nor the person representing Detroit.

But let me go to a second question. How much are you spending on polling and advertising in your ministry at the present time?

Hon Mrs Witmer: I would refer that question to staff. Mr Mike Kurts from the communications branch is going to respond to that question.

Mr Bradley: The much-enlarged communications branch, I notice in recent years, in terms of hirings.

Mr Michael Kurts: I can't speak specifically to the question of polling and advertising. I can speak to you in terms of communications services broadly. The budget in our 2001-02 fiscal year for communications services, which is where those things would fall, is \$1,248,000. The ministry does not have a large advertising budget. The advertising that we have done in the last fiscal year has primarily been advertising to make communities aware of public meetings that were taking place; for example, on the Drive Clean consultation and—

Mr Bradley: Which, by the way, is very legitimate advertising.

Mr Kurts: —that's where our advertising expenditures have taken place. In terms of the public opinion research, we have done some limited public opinion research, all of which is reported publicly through the

Legislature on a regular basis. I don't have the figure, though, with me right now.

Mr Bradley: Thank you very much for that. I did, as I did in my initial remarks, want to compliment the minister that, in her ministry at least, I had not seen offensive use of government advertising. I could quarrel with a little bit here and there, but much of the advertising around the Drive Clean program was positive, and the notification of public meetings is always quite acceptable and an appropriate use of the advertising dollar.

Mr Kurts: As we have expanded the Drive Clean program, one of the uses we make of advertising is to ensure that the people in that new area are aware of the program coming and use the advertising that we do to make sure that they're aware of the requirements of the program and the specific expectations they have as they receive their licence renewals.

Mr Bradley: I noticed in the public accounts that the media buying services were \$601,292 this year. I presume most of that was for the reasons that you talked about. It is quite appropriate, as long as it is not telling everyone what a wonderful minister we have, or what a wonderful government we have. Whether that is the case or not would be up to the public to judge. Notifying the public of the specific provisions that they have to meet is legitimate. I like to say something positive when there is something positive to say.

I want to deal with the minister again on the Red Tape Commission. You heard me mention that Trojan horse within government that attempts to have an unelected person, my good friend Frank Sheehan, hardly a raving environmentalist, telling you what you should be doing in terms of the regulatory activity in your ministry. I'll understand if you don't give a straight answer on this. Are you making an attempt to get rid of the Red Tape Commission and its bothersome attitude toward your ministry when in fact you should, as a cabinet minister in the cabinet, make decisions based on whether your regulatory regime is fine or not? What's your opinion on that?

Hon Mrs Witmer: I can say with great confidence I believe that the decisions that are being made at the Ministry of the Environment are decisions that obviously our ministry has carefully considered to be in the best interests of people in the province of Ontario. Then obviously the decision is left with cabinet to approve those decisions. Again, that's how the decision-making is taking place.

Mr Bradley: I mentioned as well, in my initial remarks, the protocol around having MPPs and members of the media deal with the Ministry of the Environment local offices. There was a time I can recall when an MPP could call and actually get an answer without being filtered through political people—I don't just mean opposition members; the government members as well—and the media could. Now there appears to be a rebound back into the ministry so there's a sanitized answer. It is quite legitimate that the local office notify you so you're prepared, in the House or otherwise, to respond. It seems

to be quite—I'll put it kindly—cumbersome and bureaucratic at the present time, if not political. Could you tell me what changes have been made, when they were made and why they were made, or have someone from your staff do so?

Hon Mrs Witmer: I would have to ask someone else to respond, because I'm not aware of any changes that have been made in the process. Certainly I would ask Mr Kurts.

Mr Kurts: We have a process for dealing with calls that come from media and from MPPs, which is simply in place to ensure that the information that we are giving is accurate and that the ministry is providing the best possible service to members of the media or to members of the Legislature who are seeking information. Essentially, what we do is, when there is a request for information, that request comes to our issues management and media relations section in the ministry and the decision is made, working with ministry staff, to determine who is the most appropriate person to answer that question so that we don't have people getting incorrect information or information from two sources and then having to figure out which is the right information. Our goal is to try and ensure that people get the right information as quickly as possible from the best possible source within the ministry.

Mr Bradley: I have noted complaints from MPPs and complaints from members of the media that it is much more difficult to get the kind of information they would like. I understand what your answer is. I'll beg to differ on what my mind tells me the reason might be for the new protocol that was put in place. I think Mr Newman was probably the minister at the time. But I can recall—and also to avoid getting anybody into trouble—there are people somewhere in Ontario who, when asked questions, would tell you how they used to be able to answer questions and how they cannot answer those questions now.

1730

I understand your great desire for accuracy. My concern is that it is being politically filtered, as opposed to accuracy being the number one problem. It would be unfair for me to ask you to comment further, sir, so I will accept what you have said as your opinion and I'll leave mine as mine.

Hon Mrs Witmer: I would just like to echo the one thought. I really believe that it is important when there is a communication from the Ministry of the Environment that the focus would be on giving the person asking the question accurate information. I do support the fact that the Ministry of the Environment staff are endeavouring to do everything they can, because obviously information that's provided that's not accurate can cause concerns and anxieties. That is what needs to be uppermost always in our minds.

Mr Bradley: In my initial remarks, I asked a question about the security of water treatment plants. When I asked the Solicitor General, he was more than happy to point the finger somewhere else; of course, the muni-

cipalities. When there was credit to be taken, he was front row and centre to take it. When there was responsibility to be assigned, he immediately pointed the finger at whatever number of municipalities we have in Ontario today.

I know that you would have now at least some coordinating activities within your ministry. Could you tell us what procedures are to be followed now? What changes have been made to make water treatment plants and reservoirs more secure; I don't know whether you can ever make them totally secure, but more secure than before September 11?

Hon Mrs Witmer: Certainly there have been meetings and steps taken to ensure that obviously water treatment plants are protected to the greatest degree possible. I would let Mr Griffith respond as to what has occurred since that time and what steps are being taken and by whom.

Mr Griffith: As the member rightly pointed out, security is the responsibility of the owners and operators of drinking water systems. In the event of a terrorist threat, there are protocols that are being developed by Emergency Measures Ontario that we are connected to. We would of course provide any assistance, the minister would provide any assistance, that was asked of us in terms of our capabilities around sampling and testing or the provision of alternative drinking water or to help remediate a situation. We are looking at other outreach options, potentially communications to water treatment owners and operators, again, to reinforce—I think everyone is aware of the heightened sensitivity around the security effort. We are exploring options of what outreach efforts might be best employed and what technical assistance we might be able to offer.

Mr Bradley: A supplementary question to that: again, I suppose this will be more opinion for the minister in this case—but you may wish to assist the minister if the minister sees fit—and that is the question of the re-establishment of the regional laboratories in the Ministry of the Environment. What people are looking for, it seems to me today, and will be for some period of time, is some security in their minds that if there's a need for a quick turnover and accurate results, reliable results and results of integrity, that can best be provided by a government laboratory.

The Ministry of the Environment regional laboratories used to be able to respond quite rapidly, had top-notch people in them and a world-class reputation. I'm wondering whether you, Minister, are considering recommending to the Management Board of Cabinet any proposals that would re-establish the regional laboratories in case we need some rapid testing to take place and, as I say, very reliable testing. I do not wish to demean the private labs—there are some top-notch ones—but I think the public is looking for that. I'm wondering what opinion you would have.

Hon Mrs Witmer: I'm going to ask Mr Breeze to respond to that question.

Mr Breeze: For a number of years, the Ministry of the Environment has not prepared or conducted tests on behalf of municipalities, as you are aware, Mr Bradley. We have, though, conducted tests when it's part of our routine monitoring inspection enforcement programs. We do conduct those tests where it's part and parcel of either the drinking water or the sewage discharge components.

What we have put in place, though, with the Standards Council of Canada, and them operating through the Canadian Association for Environmental Analytic Laboratories, is a process to accredit laboratories so that we are sure the quality of analyses that are being performed by the private sector laboratories, by municipal laboratories and indeed by our own laboratory—that there are independent auditors coming in there taking a look at those results and making sure they continue to be high quality and accurate.

Mr Bradley: Are you aware, sir—through the minister to you I can say this—in New Mexico, I believe it is, in the southwestern United States, the Department of Energy has developed some new technology which can immediately analyze or detect chemicals in a water supply? This is something they have done. I don't know if it's in widespread use across the US. I'm wondering if you are aware of that instrumentation that can be used to immediately detect chemicals in the water and, if not, whether you'd be prepared, Minister, to investigate that as something potentially your ministry might be able to get hold of and perhaps share with municipalities.

Mr Breeze: Could I ask which chemicals? Is it chlorine residual or what; is it intake chemicals?

Mr Bradley: It's simply in water supplies. There can be an almost instant test. I read about it in much of the material which has now come forward. In this case, a staff member of mine provided the information on that from surfing the Net and was able to get that information.

Mr Breeze: Was it Mexico or New Mexico?

Mr Bradley: I think it was New Mexico.

Mr Breeze: I'll look into it.

Mr Bradley: You may wish to do that, because if you can get some instant analysis, that at least tells you what problem might be there.

The next question I have is regarding Port Colborne. You are aware of the difficulties being faced in Port Colborne at this time with allegedly former emissions from Inco. Heaven knows what you would find if you did it in Copper Cliff or near my old home in Sudbury, where nothing grew when I was there.

Could you bring us up to date on Port Colborne? In this context, I'll make a plea to you that you assign people to move quickly and expeditiously in terms of testing and remedial action to alleviate the genuine concerns of people adjacent to the Inco plant.

Hon Mrs Witmer: Certainly the issue of Port Colborne is an issue of concern to me personally. Our number one priority obviously is the health of local residents and that the health of those residents would be protected. Our government has moved forward in identifying the contamination and assisting the residents

of that community. It's a historical problem, as you've pointed out. I would like to ask Jim Smith, who has been involved in the work, to bring us up to date as to where we are at the present time and also to share with you where we would be going.

Mr Jim Smith: Jim Smith, director of the standards development branch. In terms of our efforts on Port Colborne, I'd like to bring you up to date on how we're handling that.

Number one is, we have our most senior toxicologists and scientists assigned to the file. You indicated, I think at the last session, that you were impressed with the calibre of our staff, and I can assure you we have our most experienced people working on a file that's quite complex.

In terms of the monitoring, we've done, as you know, extensive testing. In Port Colborne in the last five or six years there has been comprehensive soil testing. We're doing air testing as well in terms of understanding what is the degree of chemicals in the soil and in the air so that we can assess those.

In terms of our current status, we have an international panel of experts that's advising us on the assessment we are completing. The experts are from Europe, the US and Canada. We're undertaking a health risk assessment, and that requires us to look at the comprehensive exposure. We believe we have a good understanding of that. It requires us to understand the health effects of the chemicals we're evaluating. In this case, we've evaluated eight metals quite comprehensively, and, as you know, nickel is the metal of most concern.

We've also engaged leading experts in key consulting companies in Canada to advise us on the work we're doing. That, at this stage, is coming to completion in terms of our assessment, and we're looking at being able to provide the residents of Port Colborne with our recommendations very shortly.

I'd also like to add that we've been fully transparent in the process, at least from my perspective. Our work has been communicated to the public. We posted our original work on our Environmental Bill of Rights registry for public comment back in March. I've personally attended meetings of the community to explain the work we're doing and to understand and hear the concerns they've expressed to me. I've written three extensive letters to the residents of the community and all of Port Colborne advising them on the status of the work, how we're handling the science and the timelines we're on.

1740

The Acting Chair: That concludes your time, Mr Bradley. Ms Churley.

Ms Churley: Maybe I can follow up on that. Minister, the people in Port Colborne, as I understand it, are not happy with the slowness of the pace. They're very worried about their health. After that explanation, and I understand the process you're outlining here, I'm just wondering when there's going to be some action, particularly for those in the most contaminated spots who are

worried about their kids and their own health in terms of relocation. Are you looking at that at this point?

Hon Mrs Witmer: I can tell you that, according to what I've been advised by the ministry, we are on schedule to meet our commitment to complete the human health risk assessment report by the end of October. Following the release of that particular report, the ministry then will be in a position to determine next steps related to what I think you're talking about, and that is the issue of remediation.

Ms Churley: People who have been around for a while know that I have long-time experience with this particular issue, ground contaminations and a lead plant in my riding, before I even got into politics. It took a very long time for existing governments of the day to listen to the community about the impact lead was having on the kids. By the time they were tested, many of them had learning disabilities and problems as a result. The government eventually did do a complete soil replacement, complete cleaning of the houses, the roofs. It was quite a production. At the time, there was an agreement made where the government actually had to pick up a lot of the cost, and I don't think we ever got the money from Canada Metal. It's an ongoing issue, their portion of that.

Because we know, and I know from experience in my community, the impact that these contaminants can have on people over time—you know I've got an issue in my riding around Ivy Avenue, which is a much smaller problem but the same kind of problem in that people are worried about their health. It has been going on for seven years. We don't need to get into that here, because we are trying to deal with that with the community, but it has been going on for seven years, since the first studies were done. It's a question of, how do you find that balance? People get really frustrated with study after study and feeling that nobody is responsible and people are passing the buck and they're stuck holding the bag, so to speak. What is the company's response to this at this point? What are you looking at doing in that community? I don't think there's any doubt that some people are going to have to be relocated and some soil is going to have to be replaced.

Hon Mrs Witmer: I would certainly again reassure you that we take the issue of hazardous waste very seriously. Obviously what's always uppermost in our minds is the protection of human health. These are historical situations, and they're situations which we as a government are endeavouring to address. I might ask Mr Smith if he has some additional information regarding Ivy Avenue.

Ms Churley: Sure. Yes, that would be good.

Mr Smith: In terms of Ivy Avenue, we are assessing the soil contamination and the risks. At this time, the evaluation is still ongoing, and we're working with regional staff, the city of Toronto, on those properties.

Ms Churley: Just for the record—and I did talk to the minister earlier about this—the community, after six or seven years of this, is not happy. They don't support the process any more; they just want their soil cleaned up.

The company has been able to find more and more ways to eliminate their liability in this, so I think it's down to only 37 properties or something that they are saying they're responsible for. We don't have to resolve this here, but I did speak to the minister, and what you're trying to do here is no longer acceptable to the community.

The Acting Chair: Ms Churley, I'm sorry, we're going to have to interrupt you at that point. You do have time still left, and you'll be able to continue next week.

Ms Churley: OK.

The Acting Chair: With that, we're adjourned.

The committee adjourned at 1746.



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Ms Susan Sourial

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Ms Anne Marzalik, research officer,
Research and Information Services

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Tuesday 23 October 2001

Journal des débats (Hansard)

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 23 October 2001

Mardi 23 octobre 2001

The committee met at 1536 in room 228.

COMMITTEE BUSINESS

The Chair (Mr Gerard Kennedy): I call the meeting to order. We have brief committee business that I'm going to seek the opinion of the participant parties on. The succeeding ministry is the Ministry of Energy, Science and Technology. The minister has written to me as Chair and advised that he is not available and has offered us his deputy instead for what I think will be the entire time, if I'm reading the calendar correctly.

Mr Wayne Wettlaufer (Kitchener Centre): Today or—

The Chair: It doesn't start, I believe, until tomorrow. I believe he may be available tomorrow, but next week he is not available; he's also not available November 6. In prior instances we've not actually had a minister that unavailable. I'm acknowledging the honourable member's report of his circumstances, so I have to seek the pleasure of the committee. Should we try to juggle the schedule for the minister's availability? If we do so, we lose Ministry of Economic Development and Trade time, it would seem, in terms of where we're at on the schedule now. So I'd like to hear the opinions of the committee about what we might do in this instance. Unfortunately, we have not been able to ascertain from the minister when his time is available, so we do not know at this moment whether we're in a position to improve the time he can spend with this committee.

I'm wondering if I can ask if committee members have an opinion.

Mr James J. Bradley (St Catharines): Does the Speaker have powers to require ministers to appear before this committee when their estimates are on, or do they not under the new rules?

The Chair: Ministries are required to provide information. Although we note that back in 1996 there were occasional appearances by parliamentary assistants, the main tradition in the Legislature has been for the ministers themselves to come forward, and this committee has, in recent years at least, tried to accommodate the schedule. But this is a minister who has told us that for the next three occasions, in fact every occasion on which he would be called upon, he won't personally be able to attend on behalf of his ministry.

Mr Bradley: That would be disappointing, because Minister Witmer, despite a very heavy schedule, has made herself available and accommodated us. We accommodated her on one occasion when she was unable to be with us for a very good reason. I do not understand why a minister would be that unavailable.

The Chair: Would there be a suggestion from the official opposition, Mr Bradley, in terms of how you would like to proceed? Our option is to seek an accommodation with the minister. As I say, any delays will cost time out of Economic Development.

Mr Wettlaufer: I don't remember which party selected which ministry, but would it be possible to bring one of the other ministries forward?

The Chair: I think we'd need the consent of the House leaders. We'd need an amendment to the motion because our standing orders are rather clear: each party selects and the sequence in which they are selected would go forward. If each party would take it back to their House leader, we could seek such unanimous consent and we could instruct the clerk to try to find what convenient times might be workable on that basis. That's certainly a constructive suggestion.

Any other comments?

Mr Wettlaufer: I'd be willing to take that back to our House leader. I think we have to realize that all of the ministers have certain things that will take them away from the Legislature at any one time. I don't want to question what his schedule is.

The Chair: I want to be very clear on the record that I'm not questioning the honourable minister's intent here. It just so happens he indicated that he has two occasions on which cabinet business will preclude his being here and a third occasion on which a health appointment or a health engagement of some kind would keep him away. So we have that circumstance, which is, again, unusual.

Mr Martin, any opinion from the third party on how to deal with this matter of Energy, Science and Technology not being available?

Mr Tony Martin (Sault Ste Marie): No.

The Chair: I think, if there is no disagreement, we'll pursue the suggestion of the government party and see if perhaps we can work something out with Energy, Science and Technology and Economic Development, that would allow us to use the remaining time. I would say that between now and tomorrow we'll see what arrangement we can make; otherwise, we'll proceed on the

original schedule and I'll seek further direction from this committee.

MINISTRY OF THE ENVIRONMENT

The Chair: I'm sorry for the delay, Minister. I'd like to reconvene the standing committee on estimates for the Ministry of the Environment. Mr Martin, you have 13 minutes remaining in your party's time.

Mr Martin: I want to spend some of my time today speaking to the minister about some of the new regulations where water and sewer are concerned, and some of the challenge that presents to communities across the province, particularly smaller communities in some of the northern and rural areas. To put in place the new technology and to comply with some of the new requirements and regulations will cost them literally millions of dollars, and they just don't have that money. I know that a number of them have done a lot of work putting together proposals under various funding bodies to access some money from government to move on this because they're being required to meet the regulations and standards, and I think we all want them to do that. But on the other hand, they don't have the money, nor do they have the capacity in some instances to go out and leverage the money to cover the cost of some of these projects. I know that my colleague from Nickel Belt spoke last week, I believe, on a project in her area, and we certainly have a project in Sault Ste Marie.

Maybe just a general question to start with: when do you think we'll see some of this money start to flow, and what advice do you have to some of these communities that find themselves really in difficulty trying to live up to what they want to live up to in terms of the new regulations and requirements? What do we tell them when we meet with them and have to respond to some of their questions?

Hon Elizabeth Witmer (Minister of the Environment): I certainly appreciate the seriousness of the question that you have just asked, Mr Martin. I know personally from talking to people in some of the smaller municipalities that there's a tremendous amount of concern about being able to meet the regulations and also the financial consequences and some of the onerous reporting. However, the work that was to be done by the Ministry of the Environment has been completed and it's now up to SuperBuild and OSTAR. Of course, the money will come from SuperBuild and it will be announced by the Ministry of Agriculture, Food and Rural Affairs. So the decision as to the timing remains with those two bodies and certainly it would be my hope that the money would flow as quickly as possible, because the letters I'm receiving indicate that there certainly is some urgency.

Mr Martin: You mentioned SuperBuild and OSTAR, and they're certainly two of the agencies that people speak of when they speak to me and others about this. Can you give us any understanding about how that all works? Does it work together? Who ultimately makes those decisions? What, in your understanding as a min-

ister in the government, needs to be done yet so that announcements can be made and some of this money can flow?

Hon Mrs Witmer: Certainly, Mr Martin. I'm going to ask the associate deputy minister, Bob Breeze, who is responsible for the liaison with SuperBuild and the Ministry of Agriculture, Food and Rural Affairs, to bring you up to date on what our role has been and how the decision-making will unfold from there.

Mr Bob Breeze: There are two basic roles for the Ministry of the Environment. One of the roles is to review the mandatory engineering reports that need to be submitted by municipalities under the regulation and, then, on the basis of those reports, to issue draft certificates of approval. The purpose of issuing those certificates is so that we're exercising all due diligence that the activities they're proposing to do will fully comply with the requirements of the drinking water protection regulation. That's activity number one, and it's engineering-based. There's a lot of due diligence in it, where we are evaluating engineering reports. There is an ongoing discussion between our engineers and the engineers of the municipality to make sure that we're really on target, that what they're proposing is the most cost-efficient and effective way of actually complying with the regulations. So that's role one; it's a technical role.

The second role is reviewing the actual applications for funding, and that comes in after they have received their draft certificates of approval. They can then take a look at it, and there may be different options that they can follow to actually comply with the regulation. Then they choose the option and submit an application to us. We will evaluate that application only insofar as, do these activities that they're proposing to be funded fit within the regulation? If the answer is yes, that package goes on to OMAFRA, the OSTAR secretariat, to actually make the final decisions and to roll it out. So those are our two activities.

Mr Martin: OK. So how confident, then, should we be, given the work you've done—and obviously your ministry understands, or should, the priorities that are here, which communities are more at risk than others and all of that. How confident should we be that once you pass that on to OMAFRA or to OSTAR, or particularly to SuperBuild—I don't think I'm speaking out-of-school here. SuperBuild is a very politically charged organization within the government to make decisions about where some of this very significant capital funding is going to go. How confident can we be—perhaps to the minister more than to yourself—that the people in SuperBuild and OSTAR will in fact hear what you suggest to them or recommend to them in terms of priorities? How confident are you that they understand the environmental impact of each one of these things and how important one is, perhaps, over another, or that even these decisions need to be made ASAP?

Mr Breeze: They understand fully. I've just come from a one-hour meeting, working with SuperBuild and OMAFRA and talking through the technical issues, and

they do understand the fundamental importance of these decisions.

Mr Martin: So you're convinced that when they come down and as they begin to roll out, hopefully sooner than later, they will reflect the priority that your ministry has put on each one of these?

Mr Breeze: Yes, sir.

Mr Martin: I don't know if you can speak to any one particular project. I know, as I said earlier to the minister, that my colleague from Nickel Belt mentioned a project, and I'm sure each one of us around the table here knows of at least one outstanding application that should have been addressed long ago and is still waiting.

The Acting Chair (Mr James J. Bradley): Did I hear you say Niagara-on-the-Lake as well or not?

Mr Martin: I think I did.

Mr Wettlaufer: You're the Chair; you're supposed to be quiet.

The Acting Chair: I was trying to hear, though.

Mr Martin: He's got good ears. In Sault Ste Marie, we have a project that's of some significance. It has actually been on the table for quite some time. It's a sewage diversion and some upgrades, some sewer rehabilitation, and a sludge composting facility that amounts to probably between \$40 million and \$45 million. We're waiting for an announcement. The actual application itself went in on October 4, 2000. We got a reply back rather quickly on October 12. We were notified that the application had actually been received, but we haven't heard a thing since. Can you shed any light on why that would be and perhaps when we might expect to hear more?

Mr Breeze: I can't speak specifically. We'll undertake to look at it, but my understanding is this would be Millennium funds?

Ms Jan Bush: SuperBuild.

Mr Martin: SuperBuild. It's under SuperBuild.

Mr Miller: You're talking Sault Ste Marie or Sudbury?

Mr Martin: Sault Ste Marie.

Hon Mrs Witmer: Yes, Sudbury's Millennium.

Mr Martin: Yes. Sault Ste Marie is SuperBuild because I checked into it. There are two projects that they've put forward for SuperBuild. One of them is this one.

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Hon Mrs Witmer: In Sault Ste Marie.

Mr Martin: Yes.

Mr Breeze: I will be able to take a look at it. I don't have the figures or the details in front of me, but I'll undertake to dig into Sault Ste Marie and find out the status of it.

Mr Martin: I wonder if the minister has any insight.

Hon Mrs Witmer: No, I'm sorry. I don't have any further information regarding the situation in Sault Ste Marie.

Mr Martin: OK. I want to take this opportunity as well to bring up a subject that you and I broached a couple of weeks ago—and I apologize for not having Mr

Brown beside me here as I ask this question—but Wawa, a community that I grew up in and perhaps was exposed—and I don't want any smart remarks from my colleagues here—

Mr John Gerretsen (Kingston and the Islands): No, I've been to Wawa.

Mr Martin: No, in terms of the fact that I lived there and was exposed to some of the arsenic that has now been found to—

Interjections.

Mr Martin: Yes, it is. It used to have a smeltering plant that belonged to Algoma Steel, and studies have been done over the last while that indicate there's a high level of arsenic in the ground there. There's a particular area of town that has presented as being a level 3 risk to the people who live there, and their children. What the community is looking for is participation by your ministry to actually come in and do some remedial work so they can be confident that their children, who go out and play, and they themselves, who perhaps plant gardens and that kind of thing, don't put themselves at any further risk than they are now.

Hon Mrs Witmer: The information I have regarding the arsenic in soil in Wawa is that the ministry has worked and is continuing to work very closely with the municipality, as well as the Algoma district medical officer of health and the other members of the local steering committee, in order to address any potential health and environmental concerns. I understand that ministry staff are providing complete information to all of the stakeholders.

Mr Martin: In talking to the municipality, and indeed in talking to them after I spoke to you a couple of weeks ago, they're not saying that. They're saying that basically they're being stonewalled on this issue, that the ministry really isn't forthcoming in terms of participating in the analysis and providing to the community any assurance that they're not at further risk, and coming forward and then doing some of the remedial work they feel they require.

The Chair: I'm sorry, I'm going to have to defer the answer and the assurance you're seeking to the next round. I'll now turn to the government party.

Mr John O'Toole (Durham): To the minister, I would also like to acknowledge that I'm fortunate to have a legislative intern working with me this session. His name is Nathan Fisher, and any of the insightful observations and questions I have might be more appropriately attributed to him. With that being said, he has been directed—

Interjection.

Mr O'Toole: That shows that you work in a team environment.

I'm mainly going to spend some time looking at the whole issue of emissions trading and the nature of the current regulations with respect to that. I just want to start, if I may, with more of a diatribe on my part, with ultimately a question being flushed in now and then.

Hon Mrs Witmer: John, you just go ahead.

Mr O'Toole: OK. I really do appreciate the opportunity—

Interjection.

Mr O'Toole: —no—to put on the record some very important concerns raised by significant constituents of mine. Certainly, Mr Bradley might want to listen as well.

General Motors has, as you know, been a long-time participant in the Great Lakes pollution prevention partnership, which has been a joint, voluntary auto sector and provincial and federal government initiative. Their position at the moment is that the participants in that voluntary program are not being appropriately recognized under PERT, which was the pilot emissions reduction trading credit system developed in July 1998. There wasn't a clear, broad representation of Ontario businesses, in their opinion, of which they were not a part.

But it could be on the record that over the past while there has been much done by this voluntary Great Lakes pollution prevention partnership. Unfortunately MOE, as they see it, is now signalling it does not want to continue this relationship, and that's most regrettable for my constituents, and perhaps Mr Bradley's. I think they do, as good corporate citizens—and I say that in all sincerity—want to achieve not just a Kyoto but the whole protocol on emissions. "Under the voluntary challenge registry, VCR, GM Canada has voluntarily reduced total energy consumption by 36%, reduced projected energy consumption per vehicle produced by 30% for car assembly and 22% for truck assembly, and reduced CO₂ emissions, including off-site generation, by 42% for the period from 1990 through 1999."

The proposal, as they see it, is deemed to be unworkable virtually by all industrial sectors. That's important, and you may want to respond to that because of the close focus, the suspicion being that it is a very targeted emissions focus, perhaps on power generation, perhaps on the petroleum industry and other sectors. The EPA in the US and Environment Canada question the viability of the emissions trading program.

"Ontario's proposal is restrictive, complicated, potentially difficult to implement and much too regulatory to facilitate a free-market system. Experience with emissions trading in the United States indicates that successful emission-trading systems are based on simplicity and flexibility," together, I might say, with accountability. "Ontario is moving forward with the proposed regulation at the behest of one constituent," in their view, "without a full and adequate consultation on the broader implications for the province and other sectors."

Future caps should not be applied to businesses and/or sectors that are on target to clearly meet Ontario's goal of a 45% reduction using voluntary initiatives. Imposing caps on an industry may send the wrong signal to investors that Ontario is not open for business. We don't need that, as our economies are in a global competition. I put to you the importance of harmonizing the regulations and reporting mechanisms provincially and federally. I might put to you that there are cross-border issues that are important in an economic business case.

If future caps are necessary for a certain sector—the petroleum industry might be an example—discussions with that sector would most appropriately take place before the proposal is finally designed. Business must be part of the development and discussions phase.

I would like to switch the focus here a little bit. Where is there room for voluntary measures in the future, with clear goals and not such a stringent hierarchy of intervention, if I could use that term? Setting the emissions baseline must take into account market volatility for the specific sector and/or business, such as the auto industry, which may experience significant swings in production over a period of time, thereby affecting emissions and other outputs. Levels swing from year to year for reasons related to economic cyclical natures, downtime for investment, life-cycle stage of production, labour work stoppages, etc. A good example would be having a longer horizon line. Rather than 36 months, it would be perhaps a 10-year business cycle. I know, with 30 years in that industry, it is a cyclical business; it's seven years up and maybe one or two quarters or years down.

The baseline should be normalized to a time period that accurately represents the economic conditions and emissions on a steady-state basis—so smoothing out the business cycle. The creation of an emissions reduction credit is very important, actually. "The MOE assumption that corporate-level actions to reduce emissions will not improve societal emissions is incorrect and places unreasonable restrictions on the ability of business to create emission-reduction credits for emissions reductions." For example, outsourcing of a unit could lead to a more efficient production process that would require fewer emissions per unit. Or a company could choose to consolidate its business to improve efficiencies and close a facility like the Ste-Thérèse, while maintaining its total current level of production with lower-volume emissions. Over a longer business cycle, conditions for competitive and other economic reasons will change, and should change, and your regime should be able to adapt to that.

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This position is inconsistent with the trading regimes in the United States, and we must recognize the importance of harmonizing. I'm not qualified to say on what sorts of emissions, but let's agree that we need to meet those emissions, whatever the experts say they are—we need clean air and water and the other goals that you've set—and work with the sector so as not to kill the economy.

If a reduction is achieved, then the ERC should be created. Restrictive conditions should not be placed on the method of achieving the reductions. Rather, the process should focus on the results achieved.

A five-year life of emissions reduction credit: they made the case here, for instance, that if you're looking at a business case of investing in a new paint shop, these are long-term investments of capital, huge amounts of capital over perhaps 25 or 30 years, and they need the confidence in the investment climate that there is a window there, that the regulations and standards are clearly out

there and that they're going to reflect their business cycle. For example, a very large investment, such as the replacement of the paint shop, which typically would cost half a billion dollars, could yield significant emission reductions for a lifecycle of approximately 30 years.

"To facilitate a free trade market system and high capital investments," which we're prone to support, "that significantly reduce emissions over a long time frame, businesses should receive ERCs for the life of the ERC-producing investment." A short limit on the life of the ERCs could discourage businesses from taking real action to reduce emissions. MOE needs to provide a mechanism for business to request a longer life cycle where appropriate.

I could go on, as I'm basically just reading, but this is a significant issue—

Mr Wettlaufer: And so you should.

Mr O'Toole: Mr Wettlaufer, I completely agree. I will submit this to the Chair so that they all have a chance to look at an important sector in our economy.

The auto industry is very important to Ontario. It's probably a seven-to-one multiplier, or even bigger, the number of jobs created directly and indirectly. "This year, the GMCL facilities in Ontario will be certified to the international environmental management systems standard ISO 14001." Ford already has achieved it and others are destined to be partners in that as well.

Given the voluntary Great Lakes pollution prevention program in that sector and its success, and the lack of participation by this very important sector in the PERT system, perhaps you could respond to that, and I'll read ahead and have a next question when you're finished.

Hon Mrs Witmer: I personally am very aware of the concerns that the auto industry has regarding the whole issue of air emissions, particularly GM. In fact, I think we have a copy of the notes from which you're reading.

I'd just like to begin by referencing Kyoto. I think you made reference to that at the start of your comments. This past weekend, on Thursday and Friday, Mr Wilson and I hosted all the provincial, territorial and federal ministers of environment and energy on the issue of Kyoto and the agreement because we have a concern in that there has been no economic analysis done as to the impact of achieving the targets that would be established under the agreement. I guess we're all concerned about the fact that if the United States is not going to be a signatory to the agreement, we need to consider how this is going to impact on the competitiveness, not only of Ontario but of all of Canada.

I'm very pleased to say that at that conference I think there were some significant steps made in that the federal government now realizes we are serious. We need to see the economic analysis. We need to see the impact. We also need to see how we are going to achieve the targets that will be provided for Canada. We also need to see how it's going to impact on each sector. So, we certainly can understand the concern of General Motors and others, because there is a need to see how you're going to be expected to accomplish a target, obviously, before you would sign any agreement.

We're also aware of the fact that there is this whole business cycle that needs to be taken into consideration and the need for long-term planning. It would be our hope that as we move forward with the whole issue of air emissions and trading, there would be ample consultation. I'm going to ask one of the ministry staff, Tony Rockingham, to respond to the consultation we've had thus far, and the consultation that we would plan to have, because we do recognize the need to be sensitive to business and industry and also their need to remain competitive. We know that 90% of Ontario exports go to the United States.

Mr Tony Rockingham: Thank you, Minister. My name is Tony Rockingham. I'm the director of air policy and climate change at the Ministry of the Environment.

In response to your question, I would just make a couple of points. First of all, we have had an extensive consultation process around emissions trading. What we're proposing to do is find a tool that provides the flexibility the industry needs to retain their competitive position but at the same time is able to accelerate the reduction of air emissions such as NO_x, which is related to smog, and SO₂, which is related to acid rain and also to smog.

We've made proposals for a trading system and for caps that would be applied initially to the electricity sector. Those caps would require emission reductions in that sector immediately and would provide a path for how that sector must reduce emissions in a more substantive way over the long term.

We started the consultation process a number of years ago and in March of this year released a consultation paper that proceeded through some 14 of the major concepts associated with emissions trading and touched on a number of the very issues the member has raised in regard to concerns of General Motors.

In response to the discussion paper, the ministry received 61 comments formally through the EBR process—the Environmental Bill of Rights process—and I can assure the member that General Motors responded through that process. We are very aware of the sorts of concerns General Motors has raised and we are working with a number of stakeholders to find the right way to address those concerns.

You talked about the VCR and the sorts of reductions that General Motors has been able to document through the voluntary challenge and registry program. We are very much aware of those. Those are the sorts of data that are very useful for us when we consider emissions trading and the possibility of extending emissions trading to gases outside of the smog- and acid-rain-related gases, possibly to greenhouse gas emissions trading in the future. As you know, greenhouse gas emissions trading is one of the flexibility mechanisms that is recognized in the Kyoto protocol, so we think it is an important tool that we have to learn about.

In particular, you noted that General Motors is concerned about how they would be able to earn credit for early action, and perhaps I can just describe that for the committee for a moment. Any time you change or

introduce regulations, one has to be aware of the events that have led up to that and properly accommodate those or be aware of those in the design of the regulation. Credit for early action would be taking into account the activities that have been undertaken that might affect the operation of the regulation, but those activities have taken place before the regulation comes into force. That's what we're talking about when we talk about credit for early action.

In fact in the proposal, both the concepts that were described in March in the discussion paper and more recently, when the ministry went forward with a posting on the Environmental Bill of Rights of a draft regulation, we have proposals on how to deal with credit for early action. What we've said is that activities that have been undertaken since January 2000, when the government formally announced their intention to move forward with an emissions trading system, would be recognized as long as the appropriate documentation has been submitted or will be submitted through the process. So, we are in discussion with industry stakeholders about whether that is going to meet their need.

Credit for early action is also related to another issue which we refer to as baselines. Right now we are proposing just to cap the emissions from the electricity sector. We have said, though, that the experience we gain with the electricity sector may be useful in considering whether that tool can be applied to other sectors. Certainly the concern we have heard, not just from the automotive industry but from other industry sectors that you described, the petroleum industry and the chemical industry—they want to know exactly how their baselines would be set if emissions trading and emissions caps were applied to them. In the discussions we've had so far, I think they recognize that the issue of what's the baseline, what is the base year upon which the caps will be based, is related to exactly how we will treat activities that have been undertaken prior to the regulation coming into force or prior to the regulation being applied to that sector. So there is a relationship there and we are in contact with a number of industries, including General Motors.

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The other point I would make is that when we posted the draft regulation, we had a number of comments as well. I believe we had 41 comments on that. Those comments were dealing with the very specific details that we laid out in the regulation, and we are still considering those details and will consider those comments when final decisions are made on the trading regulation.

Mr O'Toole: Just quickly, I reflect on the comment with respect to Kyoto and Canada's participation in NAFTA and the free trade agreements. It's important that if we're not in harmony with the other trading partners, we're going to be economically disadvantaged. Clearly, the people of Ontario need to be educated on that topic. A healthy economy and a healthy environment kind of work together. Look at Brazil, if you need a better example. They have no economy so they have no

environment; it's that simple. We can't sacrifice one for the other. I trust you will find ways of moving forward, not slamming the door.

The open market on generation is very important, the point there being the whole issue of the set-asides. The set-asides are important, but there's no provision for a future extension beyond the one kiloton set-aside for renewables in the draft regulations on emissions trading. That's problematic as well. I think they become an economic stimulus to investment. If they get financial credits, they can go to offsetting the high cost of wind power, whatever sustainable forms exist. I commend early action. I suspect any trading system should recognize and in fact reward early reduction initiatives that have been taken on, specifically that stress the voluntary participation.

My last point is that the EPA, a very important trading partner—this isn't purely economics. Environment Canada questioned the viability of the program that you're putting forward. I use their observation and analysis—

The Chair: Mr O'Toole, I'm afraid I'm going to have to interrupt that and ask you to bring this over into your next opportunity. Now to Mr Gerretsen and Mr Bradley.

Mr Bradley: Before we get to Mr Gerretsen and some issues he wants to raise, I want to follow up on this and urge the minister not to capitulate to pressure. Obviously, pressure will be put on you, because there's a recognition, in my view at least—and we have to remember that it is my view—there will be a perception in the business community that a Conservative government can be easily moved from its environmental agenda. This can be done in a variety of ways, and I would hope the government would not get into a mode where it's placing a good deal of emphasis on voluntary action. Voluntary action is fine for the people who are volunteering. The problem is there are some people in a sector who won't volunteer. Therefore, not only is it unfair to the population at large, but it is also unfair to those competitors within that sector who don't wish to volunteer.

I just heard one of your members do essentially, in my opinion, the bidding of a major corporation that does not want to comply with your regulations. Were I minister, I would be—I shouldn't say that, because I can't say that. Were I in your shoes—let me put it this way. I would urge you to resist the temptation of bowing to caucus members who have been given sheets of paper to read to you that in fact are defending a position of a particular corporate entity that does not want to comply with the laws of the province of Ontario. I trust that you will give the representations made the appropriate consideration. Would I be fair in saying that?

Hon Mrs Witmer: You can be assured, Mr Bradley, that I will do exactly that. They will receive appropriate consideration. I think it's important, as we move forward with the whole issue of emissions trading, that we do very carefully reflect upon the concerns that have been expressed, but also recognize at the end of the day that the world is moving to emissions trading and we need to learn to ensure that we make this a competitive advantage for us. We're moving away from the regulations.

Mr Bradley: Emissions trading as it relates to global warming is probably more acceptable—I'm not a fan of it, in any event—than it is in terms of dealing with the issue of smog, I think you would agree, where often more local sources of smog have a direct impact. When we're talking about global warming and the whole globe is dealing with the issue, there may be some virtue, in fact, in having some exchanges of emissions that are made. So I would urge that you take that into consideration. I'm sure that you will.

My colleague Mr Gerretsen is eager to get on with the OSTAR questions, including, I'm sure, Niagara-on-the-Lake.

Hon Mrs Witmer: Don't you wish you had the minister of OMAFRA here?

Mr Gerretsen: No, I'm very pleased to see you here, Minister, and my questions will be totally directed at you, because I want to talk about the political responsibility and accountability and the political decision-making process. I'm sure that your highly competent and efficient senior management staff that you've gathered around you here, in the hundreds it looks like, don't want to get involved in the politics of it, but I really think we are here elected to make political decisions, and I would like your political responses to the questions I have.

I guess it starts off with a comment Mr Martin made earlier when he said that an application in his particular community had been made on October 4, 2000. I know of applications in my own community where they were made more than a year ago. In other places, applications have been around for much longer than that. Don't you think it's a crying shame that these municipalities that cannot possibly do the kind of work they're envisioning under these applications have had to wait around for more than a year to get a political decision from your government as to whether or not you're going to fund those programs?

So my first question is, how many applications are you aware of or do you know that have been made under OSTAR that affect the Ministry of the Environment in one facet or another? Can you give us those numbers?

Hon Mrs Witmer: I'm going to ask Mr Breeze to give you those numbers since I know he has been, as I say, facilitating the discussions with both SuperBuild and OMAFRA.

Mr Breeze: We have received to date 685 mandatory engineering reports from municipalities for individual water treatment—

Mr Gerretsen: Is that 685 applications then?

Mr Breeze: No, there's a difference between the mandatory engineering reports that will end up resulting in a technical certificate of approval as prescribed by the legislation. Those are individual facilities, the 685. If I transcribe that into the number of OSTAR applications, that works out to 171. The reason there's a difference is that some municipalities will have more than one application.

Mr Gerretsen: What dollar amount do these applications represent when you total up the requests that meet

the criteria? I realize some of the applications may not, as far as you're concerned, meet the criteria of your ministry etc, but let's just deal with the ones that actually meet the scientific criteria or the engineering criteria. What's the total dollar amount of those applications?

Mr Breeze: It's too soon to say, because all of the certificates of approval have not been issued. When I was here before, I spoke to the number of certificates of approval that have been issued. There are 685 mandatory engineering reports. Each will result in a certificate of approval. There are more than 300 certificates of approval, and that was two weeks ago, so it would be well under the mid-300s that have been issued.

Mr Gerretsen: You must have a ballpark figure. You know you've got \$240 million to spend, and hopefully by anteing it up with other ministries, according to various press releases, or by other levels of government, local government and the federal government, you hope to put this into a three-quarters-of-a-billion-dollar fund, I believe the Minister of Municipal Affairs and Housing stated in one press release. So you've got \$750 million, potentially, if everybody buys into the program, and \$240 million of that is provincial money. It's all taxpayers' money, but basically it comes through the province. You must have some idea as to what these various applications out there actually total. Is it three times the amount of money you've got available? Twice? Four times?

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Mr Breeze: The applications that come in actually need to be tested against a certificate of approval. Municipalities will initially come in with a guesstimate that could be two and three times what the actual number is. So we haven't, as of this date, actually added all of those numbers up, because it has to go through the testing process that results in the—

Mr Gerretsen: The 685 applications that you've approved—what does that amount to in dollars and cents if those applications were put into creation, if the work was actually done?

Mr Breeze: The 685 isn't approved. That's 685 mandatory engineering reports that have been received, of which about 300 certificates of approval have been issued. But in those certificates is simply a technical evaluation—it's an engineering evaluation. At that point, there are no dollars that have been allocated against—

Mr Gerretsen: Thank you very much. I'll then go back to the minister. Minister, you are part of a committee, according to this one press release, which states that your ministry, together with the Ministry of Municipal Affairs and Housing, Agriculture, Food and Rural Affairs and Northern Development and Mines, is part of an advisory group that deals with all of these applications. You surely must know what the applications that have come into SuperBuild relating to this portion of the fund amount to.

Hon Mrs Witmer: We don't have that information at the present time.

Mr Gerretsen: You have no idea how much the applications that you're dealing with, that your ministry is involved in, would cost if they were all implemented?

Hon Mrs Witmer: We don't have that information. I think that's part of the process that's involved when these applications go to SuperBuild.

Mr Gerretsen: But can you tell me why it has taken almost 15 months in some cases to get an application approved? Do you find it acceptable, as a politician, to have a municipality or to have anybody put an application in to a government under an announced program that is supposed to assist us in environmental cleanup, and have to wait for 15 months without a word from anybody as to whether or not their application has been approved? Do you think that's acceptable, Minister?

Hon Mrs Witmer: I think it's important to keep in mind that this is a very complicated, technical process. I would ask Mr Breeze to speak to all of what is involved in making some of these decisions.

Mr Gerretsen: Just a minute now, before you turn to Mr Breeze. Look, our municipalities are run by competent individuals, by and large, just as competent as they are within the provincial civil service, just as competent as the political leadership that we have here on all sides of the House. Applications are made to your ministry and to other ministries for this kind of funding. I realize checks have to be made to make sure that there isn't overbilling done, or to make sure that the mathematics work out and that the engineering works out, etc. But at some point in time, a decision has to be made that, yes, this is a valid application or it's not a valid application. Then a decision politically has to be made that we're going to fund it, because we really do care about clean water and proper sewage treatment facilities, etc. I'm asking you, Minister, whether or not you think that waiting 15 months for an answer in a particular situation is an unduly long period of time.

Hon Mrs Witmer: Let's remember, this is the first time in the history of this province that we have undertaken this type of comprehensive review. It's never, ever been done before. Obviously, we want to ensure that the process is completed as quickly as possible. However, I would just hearken back to the fact that it is a very complicated process, a very technical process on our part. We have hired additional staff to deal with the process. Then the information that we gather is forwarded to SuperBuild and eventually the announcements are made through OMAFRA. But again, I think we need to appreciate that this is something that is complicated and some of these current Cs of A date back as far as 1970.

Mr Gerretsen: I'm not just talking about the Cs of A; I'm talking about the actual applications that have been made under OSTAR. Do you not find it embarrassing, as Minister of the Environment, who is concerned about the environment of all Ontarians, that in effect the final decision is not made by your ministry, as it was when we had similar programs under MISA a number of years ago, when the Ministry of the Environment was sort of the lead ministry in deciding as to what was and wasn't going to be funded? Do you not find it embarrassing that basically, from what you told me here the last time I asked these questions, all your ministry does is only

make a recommendation to SuperBuild, but you really don't have any final say in that matter? Are you not embarrassed by that? I would be if I were in your position.

Hon Mrs Witmer: I'll let Mr Breeze speak again to the process.

Mr Gerretsen: No, I'm asking you as minister. Are you not embarrassed about that, that you really don't have any control over that?

Hon Mrs Witmer: I am very proud of the fact that our government is working very, very hard to ensure that people in this province have access to safe drinking water.

Mr Gerretsen: But you haven't approved any of these applications.

Hon Mrs Witmer: I'm proud of the fact that we have undertaken a very comprehensive and rigorous review. Some of these Cs of A go back to 1970 and we need to ensure that there is compliance with the drinking water protection regulation that has been put in place.

Mr Breeze: I think I should speak to this as well. There is nothing that the engineers are doing that is off-the-shelf; everything is net new. There are a number of points of applications. There were 210 municipalities that asked us for funding to do the mandatory engineering reports. Every one of those applications has been approved. Three million dollars is flowing to municipalities to do the engineering reports. Now, in these engineering reports, engineers need to go out to the water treatment plants, they need to take samples, they need to evaluate the pieces of equipment and they need to get lab results in. At the end of it, they need to come forward with recommendations as to what sorts of technical changes need to be undertaken or not. Nothing is off-the-shelf.

Mr Gerretsen: And you have no idea as to whether the work that has been approved under these 210 projects—

Mr Breeze: We've funded the mandatory engineering reports.

Mr Gerretsen: You've got 200 situations where in effect you've done some studies and you are now putting out \$3 million to do the engineering studies. You have no idea whatsoever as to what it would cost in total—not just the provincial share but the total share, wherever it comes from—to implement the work that is required in these 210 particular projects.

Mr Breeze: At that point in time, municipalities would not be telling us those numbers, because they had yet to receive the certificate of approval that ends up being generated, and there are four or five steps that have to happen. With the mandatory engineering report, an engineer has to go out and do a detailed evaluation of that facility. They need to take a look at if it's a groundwater source; they need to take a look at whether there is infiltration from the surface water into that groundwater source. That takes hydrogeologic and other analyses that take a considerable amount of time. They will submit very detailed technical reports, and each and every one of those reports will be different. Not one report will be

comparable to the other because it looks for the actual environment where the report is located. Then we take our engineer to do the due-diligence and he takes this technical report and evaluates it to make sure that the assessments from an engineering perspective are absolutely correct. Not one application is the same as the next is the same as the next, because one might have an agricultural operation next door and the other one may have a mining operation next door and the considerations—

Mr Gerretsen: But they all have problems that need to be corrected, and so far not a penny has flowed out in the last 15 months. If I'm incorrect about that, correct me. I stand to be corrected, then, as to how much money has actually flowed to the various projects that have requested funds under OSTAR or whatever other program is out there that you've done your studies on.

Hon Mrs Witmer: Mr Gerretsen, I recognize that you used to be a mayor of a municipality.

Mr Gerretsen: That's in the Stone Age. It doesn't count any more. I'm not talking about that. These municipalities are crying for some help.

Hon Mrs Witmer: That's right, but—

Mr Gerretsen: They do not have the financial wherewithal itself and they're looking to you for help. Some of these places applied 15 months ago and you haven't even communicated with them, other than a formal letter saying, "Yes, we've got your application and you'll hear from us."

Hon Mrs Witmer: I go back, because I think what we all remember, if we've been involved in municipal politics in the past, is that there used to be projects that were on the shelf throughout the province of Ontario and people would look for grant money for those projects. You need to realize that what is being accomplished here and what is being designed is totally different.

We are trying to ensure that each one of these municipalities undergoes a rigorous review in order to ensure that the work that's undertaken is in compliance with the drinking water protection regulation. I think Mr Breeze has attempted to point out to you that there is a lot of work. It isn't just something you grab off the shelf and say, "Here, match this, province; match this, federal government." We're making sure that this is going to comply with this new drinking water protection regulation.

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Mr Gerretsen: I can assure you that no municipality would suggest a solution to a problem and spend the hard-earned tax dollars they've received from the taxpayer as well if they weren't sure that was the best and proper way to proceed. I agree you should do due diligence, but we're talking about 15 months in a lot of these cases. When are you going to make the announcements? I feel sorry for you, I really do—

Mr Bradley: Close to the election.

Mr Gerretsen:—the fact that Mr Lindsay has taken over this entire portfolio and it's purely politically driven, and probably some time before the next election we'll get

an awful lot of announcements etc. In the meantime, many of these municipalities have waited, and I don't think there's any excuse whatsoever.

Mr Bradley: If I can add to that very briefly before you answer, and you can answer both—

Hon Mrs Witmer: There is money, by the way, that has flowed. There has been some money flowed.

Mr Gerretsen: How much?

Hon Mrs Witmer: I don't have the total, but I do know, because I heard you say—we'll endeavour to get that answer for you.

Mr Gerretsen: You're giving us an undertaking that you will supply that to the committee, as to how much has flowed to each municipality?

The Chair: I think the minister made that commitment.

Mr Gerretsen: Did she?

Hon Mrs Witmer: I did.

Mr Bradley: Isn't the real problem that you encountered, Minister, that you've had wrestled away from the Ministry of the Environment a responsibility it once had to evaluate projects and flow the money directly to those projects, that that has now been wrestled away from the Ministry of the Environment and given to a political person, David Lindsay, who is going to make political decisions as to where the money is going to flow under this so-called SuperBuild? The flexibility you had and the direct involvement that the Ministry of the Environment had in the past of flowing that money directly is now gone because somebody wants to politically control the timing and politically control where that money's going to go.

Hon Mrs Witmer: I think, Mr Bradley, you're well aware of the fact that all money now flows through SuperBuild. Whether it's hospitals—

Mr Bradley: Exactly.

Hon Mrs Witmer:—whether it's educational money for universities, whether it's transportation or whether it's work that's done through our ministry, all capital flows through SuperBuild.

Mr Gerretsen: When is David Lindsay coming to the House to answer some questions on these issues?

Hon Mrs Witmer: That would be the responsibility of the Minister of Finance, who is responsible for SuperBuild.

Mr Gerretsen: Excellent.

The Chair: We unfortunately don't have him before the committee, so we'll now turn to the third party and Mr Martin.

Mr Martin: Which actually brings me back to the point I was trying to make earlier. How can we be confident that within this SuperBuild organization there are people who understand the priority, significance and sensitivity of some of these projects and these issues? Can you give me the names of some people within SuperBuild who have the knowledge, for example, that you have of environmental impacts and can make that case when ultimately decisions are made, as they will be, across the board?

You've got one big pot of money now and you've got to decide who's going to get it and what the priority is. It's not within ministries any more, where you have people who have experience and knowledge and expertise in a particular area, but you've got now a group of people who, for all intents and purposes, have political acumen in an organization—SuperBuild—who are going to make decisions about this.

How confident are you, and who in that organization are you counting on to carry the message from your ministry that will assure us the right decisions are made?

Mr Breeze: We work at all levels with OMAFRA and SuperBuild to make sure they're aware of the results of our technical evaluations. It's the Ministry of the Environment that provides the technical review. It's the Ministry of the Environment that will make clear, environmentally based, technically based and sound engineering recommendations forward to SuperBuild for consideration. That is our role, to make sure that the evaluations are sound, are on the mark, and absolutely meet the needs of the drinking water protection regulation. We have the ear of everyone at all levels, in SuperBuild and OMAFRA.

Mr Martin: Give me a name. Who will be at the table ultimately when these decisions are made who will be able to speak for you and your very professional people in the ministry? Who will be there to translate to the folks who are charged with the political decision of deciding who gets what when, and in what order?

Mr Breeze: As I said, we will give sound and clear recommendations. It certainly is up to SuperBuild to make the final decisions in the end, but we will make sure our recommendations are crisp, clear and appropriate.

Hon Mrs Witmer: Ultimately I go back to what I said before, that SuperBuild is the responsibility of the Minister of Finance.

Mr Martin: Will you be at the table, Minister, to make sure you are able to make the case for your particular projects, given the sensitivity of this issue and the concern that's out there right now?

Hon Mrs Witmer: I think Mr Breeze has indicated that all of the professional advice and recommendations will be provided, and certainly the need for each one of the projects to move forward in accordance with the recommendations of our staff then will be very carefully considered by SuperBuild.

Mr Martin: OK, but at the end of the day there will be decisions made to give some money to education, some money to health care and some money to the environment. I don't think anybody around this table today, given what happened in Walkerton, will disagree that the environment is a very high priority, and it's not just in water. I'm going to speak again in just a couple of minutes about arsenic in Wawa. But who will champion your portfolio at that table?

Hon Mrs Witmer: I think we've tried to tell you that this process involves, as it would when I was Minister of Health, or would if you were Minister of Education,

making the recommendations based on the sound advice that you receive from staff to SuperBuild, and then ultimately it is up to the Minister of Finance to make the final decision, based on the minister's recommendations.

Mr Martin: There will be nobody, though, from your ministry at that table to speak to or champion or argue for your investments?

Hon Mrs Witmer: Mr Martin, it is the same. SuperBuild is responsible for all capital money. All ministries work co-operatively together, and in this endeavour, as in others, we work together as a team.

Mr Martin: OK. Just to get back then to the Wawa issue and arsenic, I'm not sure who can answer these questions for me and for the people of that wonderful community, but it is now known that the ministry was aware back as early as the 1970s that there were elevated and excessive levels of arsenic in the air and soil. Can you comment on that?

Hon Mrs Witmer: I'm going to ask staff, because that's obviously information they might have.

Mr Jim Smith: Jim Smith, director of standards development branch.

In terms of soil monitoring in the province, the ministry has conducted that extensively for many years. What's important is, when does scientific information become available that identifies that there may be risks to ecological receptors such as plants, or there's concern about human health?

The ministry developed comprehensive guidelines for soil in terms of understanding what the current science says about health and environmental receptors in 1996, so although there would be information throughout the province on levels of metals and arsenic, it was in 1996 when we had the most comprehensive understanding of what the effects were.

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In terms of Wawa and other communities where there are contaminants in the soil, there are two important types of work that are done so that you can inform the community about what these contaminants mean in their soil. Those are risk assessments which look at, in this case, what the arsenic levels in soil mean in terms of their health, in terms of the backyard vegetables they eat, in terms of their children playing in their backyards, in terms of the levels in the air as well. That was done in Wawa, as it has been done in some other communities in Ontario. The second part, and very important, is what's called a health study. That's really starting to look at residents and understanding if they are experiencing any health effects or if there were any past health effects.

In Wawa we've been in a very fortunate situation where the local medical officer of health has taken a lead role in working with the community and ourselves. Both of those undertakings did happen, so there was a risk assessment and there was, in essence, some health study work in the community. Our people actively provided information on levels in soil and our toxicologist also supported the process by assessing the health risk information and giving advice.

My understanding is that the levels were not of concern in terms of the residential levels in soil for arsenic. The medical officer, however, is still following up with one more follow-up in terms of looking at arsenic levels in urine—I think it's specifically for toddlers—just to make absolutely sure that the best information has been provided.

We've had these types of studies in the province in other situations, and for arsenic we have good expertise and understanding. So I'm certainly convinced that the information and the approach we took in Wawa take into account our most current understanding of the science.

Mr Martin: I want the minister to hear this because ultimately I think she'll have to decide what needs to be done. There are reports apparently out there that indicate the ministry knew as far back as 1970 that there were high concentrations of arsenic being pumped into the air and on to the soil, and the ministry termed it elevated and excessive. Is that correct, that there were elevated and excessive concentrations of arsenic in the air and the soil back as early as 1970 in reports from the ministry?

Mr Smith: I don't have that information in front of me. I would say that the ministry in communities does have historic information. I guess the part of the information I would have to check on is—you're saying "excessive." Excessive would be relative to the standards of the time. I can't speak to that without looking into it.

Mr Martin: That's what the ministry termed it as back in those reports apparently: excessive and elevated.

In 1999 the township was informed—this was after the company closed down—that Wawa's soil was contaminated with concentrations of arsenic as high as 50 times the provincial guidelines. How many times the provincial guidelines, in your view, can we go and still be safe? You said a few minutes ago that the ministry determined that this was not abnormal, this was still safe, that it was no big deal, there was no concern. The township was informed that their arsenic levels were as high as 50 times the provincial guideline. Should that run up a red flag for somebody and give cause for some action to be taken and some leadership to be taken by the ministry?

Mr Smith: If I can speak to that, you're referring to the guideline. The guidelines Ontario has are trigger values. In the 1996 reference I made, the province put into place comprehensive soil guidelines for 117 chemicals. Those guidelines are used to make decisions about cleaning up sites and they are trigger values.

I don't have the value for arsenic in front of me, but for arsenic, for example, if you're below that value and you're redeveloping or changing the land use on a site, if your levels are below that, you don't have to be concerned about future redevelopment of the site changing the land use.

If you're above that value, it does not mean the residents or the ecological receptors on the site are at risk. It means that you have a choice to make. One is that you can clean the site up or, second, do an assessment of the site. This is what I was saying we've done in Wawa. This is a health risk assessment where, in this case, in the

community you would look at the population, you would look at the exposures, the levels, and do a full scientific study to assess what really are the risks. Unfortunately, our guidelines quite often are used as absolute standards and result in concern, primarily because the audience that's communicated to doesn't understand that if you're above them, it means that an assessment is what should be done, and that's exactly what was done in Wawa: an assessment on the health risks and a follow-up on the health of the community. So it's unfortunate, the 50 times, if that's the context, which I believe it is. It's not correct in alarming people. It means further assessment should be done, and further assessment was done.

Mr Martin: As far back as the 1970s, the ministry termed the level of arsenic concentration in air and soil as "elevated and excessive." In 1999, the ministry informed the township by letter that arsenic concentrations contaminating their soil were as high as 50 times the provincial guideline, and you're saying to me that was not sufficient to trigger any kind of—

Hon Mrs Witmer: Mr Martin, I'm not sure what document you might have, but if you have some information there that you would like to share with us, that would certainly be quite helpful. I'm not sure where you're getting your data, but we'd love to take a look at it.

Mr Martin: I'm sure you have these data. I think all you have to do if you don't, and I'd be surprised if you don't, is go to the township of Michipicoten and they'll give it to you. They have the letters; they have the reports. As you can imagine, they're as keen on this as any of us are.

Hon Mrs Witmer: Let me just clarify this. Are you, then, today representing the mayor and the council of Wawa?

Mr Martin: No. I'm an MPP from Sault Ste Marie who was at a meeting of the Federation of Northern Ontario Municipalities last year when this was raised. I have family who live in Wawa. I lived in Wawa myself. I may be affected myself, personally. I have spoken to several of the officials from Wawa, and they indicate to me that they have some really grave concerns about this and are quite disappointed that the ministry hasn't come in to help them with the very significant costs they've incurred so far to gather the information that's required and to continue to make the case that needs to be made on behalf of their citizens. I am doing my job, as you would as an MPP, on behalf of the people of this province, which we do here collectively, to make sure that the ministry understands the gravity of this circumstance and to call you to account and do the right thing. I'm just making a case here, and if that's uncomfortable, I appreciate that too.

Hon Mrs Witmer: No, not at all. I know that this is in Mr Brown's riding and I have discussed the issue with him. Obviously, if the mayor and councillors have concern, I would certainly encourage them, because the ministry has been working with the municipality. If there are some additional issues that need to be addressed, obviously if you had information in writing from them, there needs to be more of a dialogue.

Mr Martin: They tried to get a meeting with you when they were down here for the AMO conference, and you wouldn't meet with them. I think they may have met with the parliamentary assistant or something, but they didn't meet with you.

Hon Mrs Witmer: Yes, I believe there was a meeting provided. We've certainly tried to work with them very co-operatively.

Mr Martin: They want to meet with you because they think you can make some decisions that would help them to get to the bottom of their problem. I'm here today and continue to make that case. I know you brushed me off at a meeting that I had with you a couple of weeks ago by suggesting that since this is Mr Brown's jurisdiction I shouldn't be sticking my nose in. I don't think there's anybody around this table here who doesn't from time to time go into somebody else's jurisdiction and look at an issue and participate with citizens around trying to come up with some resolutions and all of that.

Are you suggesting that because this is Mr Brown's constituency I shouldn't be concerned or involved? Is that what you're suggesting?

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Hon Mrs Witmer: No, I simply wondered if you had additional information or if you had a letter that had been given to you on behalf of the municipality, and we would certainly try to address the additional concerns that had been presented since the meeting that was had. We know they do want money for their health study and I understand that they have submitted an application to the Ministry of Health and Long-Term Care. That's the most recent request that we have received. If there are additional concerns, I think it would be important that they put those concerns to the Ministry of the Environment. I think that's what's important.

The Acting Chair (Mr Gerretsen): You have two minutes left, Mr Martin.

Mr Martin: And that's what I'm doing here this afternoon, if the Chair doesn't mind. I ask you and your official if "elevated and excessive" doesn't mean anything. Does "50 times the provincial guideline" mean anything?

The fact that the ministry didn't think it necessary to test private residential properties until the mine and the plant closed down and then decided at that point to conduct soil tests in people's yards for the first time, wouldn't indicate to you that somebody within your ministry has some very real concerns that would indicate to you that you need to be taking leadership and a more active role in trying to resolve this issue?

Mr Smith: The 50 times you're quoting again, that was a level that triggered a concern that more intensive study needed to be done, which was done. Being above the guidelines, as I mentioned before, is a trigger; it does not mean that health is being compromised or the environment is being compromised. It means that you need to investigate it further. We did that with the medical officer. There were also a number of public meetings held. That's an important part of having a health risk assess-

ment, a health study, bringing the information forward so you can have input and hear from—

The Acting Chair: OK, we'll have to leave it at that. From the government side, Mr Wettlaufer or Mr Miller.

Mr Wettlaufer: I'll do it first, and then he can do it.

The Acting Chair: Oh, Mr Wettlaufer; seniority, yes.

Mr Wettlaufer: The old man, is what you're saying, right?

The Chair: No, no, seniority in years of service.

Mr Wettlaufer: Minister, when a few of my constituents heard last week that I was going to be in estimates committee with the environment ministry, they asked me to ask a few questions. One of them related to General Environmental's proposed purchase of the Canadian Blower and Forge property in Kitchener. You're aware of it; it's adjacent to a city of Kitchener swimming pool. You will recall, I think, back in the spring there was a petition of about 8,100 names that came from my riding and it related to a request for an environmental assessment on that property. They were wondering about the status of it.

You probably will recall that the company, General Environmental, that purchased the property was to have notified all adjacent neighbours, but the company somehow inadvertently forgot to notify the city of Kitchener, which was an immediately adjacent neighbour, and they somehow forgot to notify a couple of other neighbours in the immediate vicinity, and a great big foofaraw developed.

I would say that I have some sympathy for these neighbours. Many of them felt that they hadn't been consulted properly. While the company has advised that it notified some of the neighbours, it didn't advise most of them, and posted the information on its Web site. It was only discovered accidentally by one of the neighbours. Many of the people in my riding are very concerned about this and they're wondering about the status of the environmental assessment request. I wonder if you could shed any light on that.

Hon Mrs Witmer: I'm going to ask ministry staff because, obviously, I don't get involved in the process. I know that you've been working diligently on behalf of these individuals because unfortunately, as you've just indicated, the company neglected to do the consultation with the neighbours and with the city. Just as you've received phone calls and letters, I can assure you I have as well. So I'll ask Mr Carl Griffith to report on the status of that request, because we did extend the timelines, if you remember.

Mr Carl Griffith: Carl Griffith, assistant deputy minister of the operations division. There has been an awful lot of dialogue, discussion and consultation around the project. The proponent and others have asked for extensions on the applications so that consultation could continue with it, and the application is still under review. We are still doing our technical review, we're still accepting comments. When those comments are in, that technical information will all be assessed, and then the technical recommendation will be assembled.

Mr Wettlaufer: Would there be any timeline on that at all? Do you have any idea?

Mr Griffith: I don't right now. I can get back to you. There is a lot of interest in this project and a lot of comments are coming in that all have to be assessed, but the staff are working as quickly as possible to formulate a technical opinion on it.

Mr Norm Miller (Parry Sound-Muskoka): I'd like to ask the minister a question about water. As the minister knows, I've certainly been quite involved with regulation 459, in particular, how that applies to small operators and small businesses in the Parry Sound-Muskoka area. I certainly know the government has acted very responsibly post-Walkerton and has implemented tough rules to ensure that the people of this province have safe drinking water.

I also know that since regulation 459, you've also got a new regulation posted on the EBR to do with schools, daycare facilities and long-term care facilities. The businesses, the small operators in Parry Sound-Muskoka—the campgrounds, resorts, children's camps and marinas that might be caught up by regulation 459—are quite concerned about some of the high costs involved with it and whether it necessarily makes sense for some of those small operations. I know the ministry has gone through a consultation process across the province and, in particular, I actually attended one of the consultations held in the town of Parry Sound on that regulation. Speaking to the people running that consultation, they said they were getting a fairly consistent message from the various meetings they'd been holding across the province. So I'm wondering how the information from those consultations is going to be used by the ministry.

Hon Mrs Witmer: I appreciate the question. Actually, the issue of safety of water supply was one that came to the attention of the media today because there are several trailer parks and campgrounds in the Kitchener-Waterloo area that are reporting adverse water samples. I'm sure Mr Wettlaufer is aware of that. Obviously, the priority for government is to ensure that all Ontarians everywhere have access to clean, safe drinking water. Having said that, we are undertaking to review to ensure that all of the owners and the operators of the small, private communal systems—the systems that are not covered by the ministry's drinking water protection regulations, such as campgrounds, trailer parks and rural sub-divisions—are aware of the need and the methods to provide safe, clean drinking water.

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We've actually undertaken some initiatives that acknowledge the concerns expressed by these owners, operators and users of the private systems.

The first thing we've done is, we have undertaken to hold these consultations. Twenty-eight consultations were held across the province. You were one of almost 1,000 people who attended them, Mr Miller.

We've also engaged external consultants to visit the systems and speak personally with the owners and the operators to hear from them first-hand what issues and

concerns they are facing. As you can imagine, some of it is just the costs involved and some of the paperwork involved.

There also have been meetings with the Ontario Private Campground Association to discuss their concerns. As well, I have a letter here from Resorts Ontario. I've heard from some of the chambers of commerce regarding the impact on business.

What are we doing? As of yesterday, we did start to provide free training to the operators of small systems so they could better manage their waterworks and so they could qualify for the appropriate licence.

I've also asked the ministry to prepare a guide, something that would be user-friendly, to assist the owners and operators in providing clean, safe drinking water that would meet the standards of the drinking water regulation as well as the needs of the users.

We're also developing additional educational material so that everyone who has a role clearly understands their responsibilities and also the tools and technology that are available to them, because this is a whole new area that people are being asked to become involved in.

However, I think most important, we are now carefully considering all of the feedback we have received based on the consultations. What we need to do, once we've heard and taken a look at that information, is to have a further consultation with the individuals involved. I think at this point in time we will send out Ministry of Education staff, because I find that these owners and operators are looking to speak to people who have knowledge of the regulation and also knowledge of what would be required.

So basically it's reviewing the input we have received from the 28 consultations that have been held throughout Ontario.

The Acting Chair: Could I just ask a question for clarification? I believe you said, "Ministry of Education staff."

Hon Mrs Witmer: Oh, environment.

The Acting Chair: OK. It just shows you that I'm listening to every word you're saying, Minister.

Hon Mrs Witmer: I hear that, Mr Gerretsen.

The Acting Speaker: I didn't want you to mislead Mr Miller. So it's Ministry of the Environment staff.

Hon Mrs Witmer: I just wondered if anybody was paying attention.

It would be our hope that in the very near future we could take a look at how we can address the concerns that have been expressed by those individuals who are responsible for these water systems. As I said, they are concerned about testing costs and they're concerned about the cost of the certificates of approval. Obviously, there are additional concerns related to paperwork and administrative details. So we'll take the information, we'll review it and we'll have one more consultation in order to ensure we can have the safest, cleanest drinking water possible but also take into consideration the concerns they have expressed.

Mr Miller: Thank you very much. That sounds like progress is being made. I would like to state that I'm sure

all businesses are keen to be sure that their water meets the Ontario Drinking Water Objectives. It's certainly in the interests of businesses as well to make sure their water is safe, and businesses are keen to do that. Businesses are keen to upgrade their systems to meet the Ontario Drinking Water Objectives and provide safe water for all the residents of Ontario and visitors to the area as well.

My riding is Parry Sound-Muskoka. I believe that you even have a cottage in the beautiful riding of Parry Sound-Muskoka.

Hon Mrs Witmer: We do. It's beautiful, Muskoka.

Interjection.

Mr Miller: Everyone seems to have a cottage in Parry Sound-Muskoka. I'm sure Mr Bradley probably does as well.

Of course, as you mentioned, it is very beautiful in Parry Sound-Muskoka. A lot of the cottages are located around the beautiful lakes, whether you're on Georgian Bay or on many of the thousands of inland lakes in our spectacular area.

The Acting Chair: Would you like to name those lakes?

Mr Miller: Lake Muskoka is particularly nice. That's where I happen to run a business—where my wife runs a business.

Mr Bradley: The name of the business is?

Mr Miller: It's Patterson-Kaye Lodge. It's a fine lodge, but I wouldn't want to offer any personal comment on that.

Mr Bradley: I'll put up the posters in my riding for you.

Mr Miller: Tourism, in all seriousness, is the number one industry in Parry Sound-Muskoka, with people going to stay at campgrounds, at resorts, and the many people who have cottages in the area. Probably one of the most important reasons they go to the area is because of the quality of water in the lakes and the beauty of the lakes in the area, so it's of utmost importance to me that the water quality be maintained.

My question is, what is the role of the Ministry of the Environment in ensuring that the quality of the water in the lakes of Parry Sound-Muskoka and indeed across the province is maintained for the future?

Hon Mrs Witmer: That, obviously, is our number one priority: to ensure that all people in this province can be assured of the safest, cleanest drinking water possible. As you know, the regulation that we put in place, 459, certainly ensures that will happen. In fact, much of what has happened in the province in the past year has been duplicated or is being duplicated by other provinces that also recognized that they needed to have a stricter framework to ensure safe drinking water.

I'll ask the ministry staff to share with you what the role of the Ministry of the Environment is in the protection and provision of clean, safe drinking water.

Mr Miller: Not just drinking water but the lakes themselves for recreational use and the quality of the water in the lakes. Of course, in most cases—in all cases,

I think—it's safe to say the lakes are used as surface supplies for just about all the cottages and for many businesses, so the two are tied together—but general water quality of the lakes.

Mr Brian Nixon: My name is Brian Nixon. I'm director of water policy with the ministry.

Just to add to the minister's comments, in terms of lake water quality in Muskoka, the district of Muskoka is probably the leader in Ontario and was a pioneer in adopting the lake capacity model for ensuring water quality relative to the development on the lakes across the district. That model is still in use by the district and local municipalities. It was developed in conjunction with the ministry, which obviously provides assistance to the municipalities and other agencies and cottagers' associations in that area to undertake regular testing.

There are obviously quality standards associated with drinking water for all the public drinking water facilities that exist in Muskoka. Those are set both through the regulation that the minister spoke to and through the individual certificates of approval for those plants.

Mr Miller: Does the ministry provide much technical assistance to the district of Muskoka, and what about other areas across the province? For example, Parry Sound is very different from Muskoka in that the district of Muskoka does cover the whole district, and in Parry Sound, in the case of that side of the riding, there are 26 small municipalities and unorganized territories.

Mr Nixon: As the member would know, we have district offices across the province, and those district offices work with the local governments on water quality issues where they have been identified as a concern. As well, we have our regular responses to incidences of water quality on a very site-specific geographic basis across the province. That assistance is ongoing and it is very much relevant to the needs of the particular area and the quality concerns that may arise in those areas.

Mr Miller: I know that a lot of the cottage associations are doing their own lake plans. I attended the Mary Lake Association's annual meeting, and at that meeting they had hired a consultant and were doing a study of all uses of that particular lake, and other small lakes in the area are doing the same thing. The district of Muskoka, then, is doing testing. Does the ministry share that information so that it has a picture of the quality of the lakes across the whole province?

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Mr Nixon: I'm looking at my colleagues—somebody from our monitoring branch.

Dr P.K. Misra: My name is P.K. Misra. I'm the assistant director of the monitoring and reporting branch of the ministry. Our branch produces reports on the water quality periodically and we distribute that information to the public and to everyone who is interested in getting the report.

Mr Miller: Does the district of Muskoka share their water tests with the ministry?

Dr Misra: Yes, they would, and that information will be reported in the reports that we produce.

Mr O'Toole: If I have time, on the same theme—

The Acting Chair: Yes, Mr O'Toole, you have three minutes.

Mr O'Toole: Regulation 459 is not a large issue with respect to community wells in my riding, but there were a couple of occasions where it became an issue. I'm just wondering: Minister, you said in response to Mr Miller's question that further consultations were pending. I think there are a couple of issues here. There's a date sometime in the future when they must be in compliance. That's one thing I'd like a response on. Is that going to be reviewed to give them time?

Second, there were technical things with respect to contact with chlorine, very technical kinds of mechanics they have to put in place. If they've never had a reported incident, I can see that there would be a need to have more frequent testing and reporting. Would that be sufficient, in your opinion, to meet and/or exceed the guidelines? What are the measures in the small communities, mostly rural subdivisions, I would call them, where in some areas it's a fairly important way of doing business?

In fact, what I'm finding now is that around Lake Scugog and that area there are many communities that over time have been developed and now they need to have some confidence that community wells, with appropriate mechanisms, might be the way to go. But they don't want to make it so rigorous that—and the region, the upper-tier level of government, is somewhat reluctant to just assume responsibility; otherwise, they assume the liability. Could you perhaps expand on that? I think it's important, going forward—

Hon Mrs Witmer: To your first question, the treatment standards must be met as of December 31, 2002. Individual communities' situations can be reviewed and changes made to that date by the director. I will ask staff to provide you with the additional information.

Mr Doug Barnes: I'm Doug Barnes, assistant deputy minister of policy and planning. Regulation 459 was designed to put in place a number of safeguards. We are reviewing all of those. We have had quarterly reports from all municipalities for a year. We have a number of reports from individual large, private waterworks. We're going over those reports to determine the effectiveness of the regulation and we've also undertaken to commission work in terms of water alternative technologies and service providers which could help these communities achieve the quality of water that we want them to achieve, but to make sure that we can get them the best service and the best price.

The Acting Chair: We'll have to leave it at that. Next turn goes to the opposition.

Mr Bradley: I'll lead off. I have a couple of colleagues who will have questions as well. This is a matter that deals with the environmental assessment branch, I believe, and the waste management branch, so the minister probably will want to have that staff ready. This is a matter of an application dated March 29, 2001, by 1456444 Ontario Inc for a waste transfer station at 424

Glendale Avenue in the city of St Catharines. I understand that the minister is the one who ultimately makes the decision on this matter.

I want to draw to the attention of the waste management branch or the minister what people are concerned about. The minister will comment as she deems appropriate in this circumstance, I understand. They are concerned about a waste transfer station on a site which already has been the subject of many complaints from the neighbourhood. It's a metal processing site at this time. The proposal is for a waste transfer station for, I believe you would call it, commercial type of waste, industrial type of waste. They're concerned about odours and smells, dust and wind-blown dirt, noise, visual aesthetics, risk of fire, risk of accidental spillage, risk of malevolent action, traffic congestion, the load on the roadbed and services, access from Wembly Drive, which comes out on to Glendale Avenue, and property value impact. There have been two meetings held. The second meeting had well over 300 people at it. I could have counted on one hand the number of people who would entertain even the possibility of it happening.

Perhaps you could respond by informing us in the committee how this would go through the process and how the evaluation would take place. I understand that as minister you are not at this point in time in a position to comment on the merits of the case.

Hon Mrs Witmer: I want to thank you for sharing with me a copy of the letter that had been sent to me regarding this particular application. As you know from your days in this position, all designation requests are very seriously considered and reviewed. There's a tremendous amount of work involved. Obviously, until such time as there is a recommendation that comes forward from the Ministry of the Environment staff, after the careful review, it is important that the minister remain impartial. I would call on Carl at this point in time to share with you the steps that will be taken.

Mr Griffith: Of course, with anything that's related to the environmental assessment process, whose principles are to be able to assess the negative and positive implications of any particular undertaking, comments are asked for, an assessment would be done, public consultation would be held, posting of implications would be done and a technical determination would be conducted not only by our ministry but, if the implications cut across other ministries, then the Ministry of the Environment would go to those other ministries that had the technical expertise which could then advise the Ministry of the Environment on the significance of the issues that were raised in the context of a particular undertaking. Then, staff would look at the technical issues and formulate a recommendation on that particular undertaking.

Mr Bradley: Would one of the matters that you would consider be the fact that an applicant in any case would do as a store owner does sometimes: the store owner sells something at \$399.99 so it's not \$400, which sounds like a lot more. In this particular application it is

one tonne under what would normally trigger an environmental assessment, I believe an automatic environmental assessment. Would that be one of the things that might be taken into consideration in this matter?

Mr Griffith: Yes, it would.

Mr Bradley: I appreciate your response to that. I'll share the Hansard with the people in the area so they know that it is going through a very detailed process, a very careful assessment by your ministry, and ultimately the minister, based on that, will make a decision as she deems appropriate.

Mrs Leona Dombrowsky (Hastings-Frontenac-Lennox and Addington): To the minister: I have some questions with regard to the media release that was issued by the Ministry of the Environment on October 5. It was with regard to, "Environment Ministry Orders Corrective Action at 79 Municipal Water Treatment Facilities." Of course, Ontario Liberals applaud any move by the Ministry of the Environment to ensure the safety of drinking water within communities in Ontario. We think it's very important that people in those communities are made aware as soon as possible if there is any question with regard to the safety of their drinking water. We also think it's absolutely appropriate that this information come from the ministry via a media release.

But we do know that from time to time errors are made, and I am aware that in this particular instance an error was made. Do you agree, Minister, that when that is the case, it would be appropriate for the ministry, in like fashion as the people were notified by your ministry through a media release, to notify the community that might be identified in error that the drinking water there would in fact be safe?

1720

Hon Mrs Witmer: I'm going to let Mr Shaw respond to the particular question regarding the release.

Mr Bob Shaw: My name is Bob Shaw. I'm the regional director of the central region. I'd like to start by clarifying that when the ministry issues a release with regard to deficiencies it has found at various municipal water treatment facilities across the province as part of its inspection program, it is not advising that the water in these communities is not safe. Our annual inspection of municipal water treatment plants is only one component of the initiatives that are undertaken by the municipalities, the local medical officer of health and the Ministry of the Environment to ensure that residents are provided with safe drinking water.

The most critical component of ensuring that is the fact that regulation 459, drinking water protection, of the Ontario Water Resources Act sets out a minimum sampling requirement for municipalities and also sets out a requirement that if there is an exceedence of a provincial drinking water standard, a laboratory—and it must be an accredited laboratory doing the analysis—must report that exceedence directly to the Ministry of the Environment as well as to the medical office of health. As well, the municipality is required to report back to the ministry and the medical officer of health to ensure that

both agencies are made aware of the situation and that corrective action can be pursued.

Mrs Dombrowsky: Absolutely. I think that's a very important process and would support that. But in the identification of those communities where there needs to be that sort of remedial work to improve the quality of water, if a mistake is made in identifying such a community, do you not think the ministry has some responsibility to make that information known in a like fashion; that is, to issue a release?

Just so you can understand the particular case to which I'm referring, it is with regard to the town of greater Napanee, which was identified as one of the 79 municipalities. I know the minister has a letter from the municipality that indicates the ministry failed to verify the facts and subsequently wrongly informed the public about the safety of the water system. It was in the release on October 5 that the town of greater Napanee was not complying with OR 459. The draft had errors, which were the basis of the naming of the community, and I think the issue that has been raised by the municipality is valid. They've stated in their letter that the impact of such a statement on the public is profound, particularly given the events of Walkerton and the public's concern about the tragedy in New York.

When a false statement is made under the ministry's name, it is difficult for local authorities to redress the situation. When local residents inquire, "Is it safe, or should I be boiling my water?" and the municipality says, "There's been an error made," while the Ministry of the Environment says, "You're not complying," there is some significant question and anxiety within the community.

My question to the minister again is, do you think it is appropriate that when there has been an error and it can be verified, a release would come from the ministry to assist the community, so we can somehow avoid the kind of anxiety that has resulted from this particular situation?

Hon Mrs Witmer: I haven't personally received a copy of the letter from which you are quoting, but you can be assured that when that letter is brought to my attention, I will certainly endeavour to ensure that the facts and the issue are addressed by ministry staff. If indeed there has been an error, I think it is important that we communicate with the community and reassure the public.

Mrs Dombrowsky: I certainly am encouraged to hear that, and for your information, if you would be inclined to go to your office and look it up, it was to you, dated October 10.

Hon Mrs Witmer: OK. We'll certainly look for that letter. Thank you very much for bringing that to my attention. I really appreciate that.

The Acting Chair: Ms Di Cocco?

Ms Caroline Di Cocco (Sarnia-Lambton): Minister, I'm going to return to the topic of hazardous waste. What I'd like to have clarified is one aspect of concern to me locally—it's also because of the cumulative effect of the coal-burning electrical generating plant we have in the

area, the Lambton generating station just south of Sarnia. Forty per cent of the chemical industry in Canada is located in Sarnia. We have, of course, the stack at Safety-Kleen, which emits some of the tremendous amount of pollutants in hazardous waste.

The issue I have been raising consistently regarding raising the standards so they will impact the area—each time, each day, each year we leave that stack not up to even non-hazardous stack standards, the concern is, what does it take before we actually change the regulation for the hazardous waste stack to meet, or even comply with, United States clean air monitoring? It's just such a cumulative effect. My concern is that air quality is consistently being jeopardized. I really would like to see some steps from the ministry that will address this, and not in six years' time but with some immediacy.

I guess I'm just asking for some commitment, not that in six years' time we'll look at it again, but to actually address the situation in a fairly urgent way.

Hon Mrs Witmer: Are you wanting to discuss hazardous waste?

Ms Di Cocco: Well, the incinerator on the hazardous waste site—it's a hazardous waste incinerator; it's at the landfill. They burn—it depends, I guess, on the liquidity of the waste. If it isn't liquid, then they dump it into the ground there. In making your decisions on how quickly you're able to address the matter—what I'm trying to do is equate that as part of a bigger picture, but I'm focusing on that. I'm trying to deal with one thing at a time, basically, and seeing if there's some commitment to truly address it with some expediency.

Hon Mrs Witmer: I'll try to answer part of your question and then perhaps to put it in the context of the entire Lambton community, which I think you're also asking about.

Ms Di Cocco: Yes.

Hon Mrs Witmer: We are very seriously committed to strengthening and improving the management of hazardous waste. As I have said here before, we will be bringing forward and making announcements regarding the management of hazardous waste in the near future. So there is activity. Obviously what we want to do is ensure we have a framework that is very consistent with what is happening in the United States. That would be our goal. But I know the ministry can give you information as to how all the industries in Lambton are working together.

1730

Mr Barnes: I'm Doug Barnes, the assistant deputy minister of the integrated environmental planning division.

Part of what we have in the Sarnia-Lambton area is probably one of the best innovations we have in Ontario, and for a great distance, which is the Lambton Industrial Society, a self-monitoring group. That group currently has four ambient air quality monitoring stations. Principally, those stations look at sulphur dioxides—

Interjections.

The Acting Chair: Excuse me, gentlemen, if you'd like to have your conversations outside, we'd appreciate

it. We're trying to pay attention to the minister and the questioners. Thank you very much. Mr Barnes, please continue.

Mr Barnes: The monitoring facilities they have, the four stations, do ambient air quality monitoring. Principally it's for sulphur dioxide, but sulphur dioxide itself is a good indicator of many airborne metals and carcinogens. When air quality starts to deteriorate in the Lambton area, the society, through its procedures, gives notice and the different industries in Sarnia cut back actual production and, therefore, cut back emissions until they have achieved a six-hour standard in terms of air quality.

Ms Di Cocco: I'm aware of the Lambton Industrial Society. It's name has changed now; I believe it's a little different.

The Acting Chair: You've got two minutes left, Ms Di Cocco.

Ms Di Cocco: OK. I understand the Lambton Industrial Society. I'm looking to the ministry specifically on an incinerator that is not even up to non-hazardous incinerator standards. All I'm asking is, does the Ministry of the Environment not see it as urgent to change the regulation or at least review the certificate of approval—I know you've said no—to make sure that stack is up to standards that are even greater than non-hazardous waste standards? They can monitor that all they want, but that stack is not up to that standard, and that's my concern. I won't go into the detail of the Lambton Industrial Society and what my experience has been with them, but that's the question. Unless the Environmental Commissioner was incorrect in his analysis of the certificate of approval, that incinerator, which is burning hazardous waste, is not up to non-hazardous waste standards.

Hon Mrs Witmer: I'll ask Mr Smith to respond specifically to that question.

Mr Smith: Jim Smith, standards development branch director.

The Acting Chair: You have one minute, sir.

Mr Smith: In terms of air quality in the province, specifically for toxics, we have two types of standards that would apply to the facility.

The first are ambient air standards, and over the last few years the ministry has updated and moved forward on over 100 standards that would apply to that facility. Even this year we promulgated 18 updated standards—and there was a new one there as well—which would apply to that facility if it is emitting those chemicals. Many of those chemicals are toxic chemicals.

The second area is technology standards, and under the Canadian Council of Ministers for the Environment we took a lead role in moving forward on a number of standards, in this case, for mercury, and there were also standards developed for dioxins and furans. These are really important standards in terms of these toxic chemicals. They do apply directly to the Safety-Kleen facility. They will be phased in, and they are stringent. I can provide you with further details on that.

In terms of that facility itself, there are comprehensive sets of standards that apply to it that are based on current science and are protective.

The Acting Chair: Thank you very much, sir. Mr Martin?

Mr Martin: You might as well stay. You're probably going to be back anyway, as I'm going to continue questioning on the Wawa arsenic issue.

Just to bring people up to speed, I've been asking the minister and the ministry about an issue in Wawa, where arsenic levels have been found to be as high as 50 times the provincial guideline. I had shared with you that there were reports back to the 1970s that termed the concentrations elevated and excessive. In 1999, there was a letter to the township that suggested that arsenic concentrations were as high as 50 times the provincial guidelines. It's important for people to note here that if the provincial guidelines are 20 particles per whatever—we're not talking 70 here, we're talking 50 times 20, so we're talking 1,000, which is quite significant. But the ministry, even though they knew there were high levels of arsenic, didn't decide to test private residential properties until after the company closed down. Would you inform me why they wouldn't have done that before and why they chose to do that then?

Mr Smith: I can't comment on the timing; I don't have that information. I did want to highlight the 50 times the guideline; again, it's an inappropriate reference to a number that's a trigger. It's a value that, if it's exceeded, requires further assessment, and that's what was done in Wawa. As I indicated earlier, there were two types of assessment undertaken, and it was done in partnership with the medical officer of health and the Ministry of the Environment. There was public consultation on that, public meetings. There's still one additional item the medical officer is asking for, and that's some further analysis on levels of arsenic in urine for a specific age group, I believe toddlers, children.

That is to provide the community with the best science and the assurances that up to now have indicated that no action is warranted in terms of levels found on residential properties. That's where it's at. There is still that one further test that's being done, and at that point, I believe, the final message can be quite conclusive.

Mr Martin: Just to share with you, there was in fact a reading done during that testing near the mine gate, directly across from a residence in the town, that indicated there were 1,000 parts of arsenic per million in the soil, and the provincial guideline is 20. I guess I'm having a difficult time understanding how you could say there isn't a problem when you've got one place—and I'm sure it probably exists in others; if it's one, there's the possibility that it's in others—where there would be 1,000 parts of arsenic per million. The guideline is 20, yet you say there's no problem.

Mr Smith: What I'm saying is that the guideline of 20 is a trigger level, and the 20 is actually based on protection of plants. There would be a higher number that would be a trigger level; if you exceeded that for human health you should do further investigation.

Those guidelines were developed for cleanup purposes; individuals can make decisions on whether they

want to clean up to that guideline or undertake a further assessment to determine if there are any impacts on human health or the ecosystem. In this case, that work was done. I don't have the report in front of me; I don't have the specifics on the numbers. Generally, for communities you will see differences in levels. Particularly if the source, the facility that released those emissions, is in that community, you would expect to have higher levels on their property versus off-site on residential properties.

I don't want to speculate on the information you've provided, but the 1,000—any level above the 20 did trigger the fact that additional work was done and scientific assessment was brought to the community to understand the situation and provide the best advice.

1740

Mr Martin: And you're saying that with that information, there is no further action required, even though—

Mr Smith: There's still a follow-up study that's being led by the medical officer.

Mr Martin: So even though in the 1970s the ministry was terming the concentrations of arsenic elevated and excessive, and in 1999 we had arsenic as high as 50 times the provincial guideline and in one spot in the community we had 1,000 parts of arsenic per million in the soil, in your view that's still not good enough to indicate that something needs to be done.

Mr Smith: No. I guess it does indicate to me that something needs to be done, and it was done, and there's still work continuing. I'm not saying those levels don't require follow-up. They did and that follow-up was done and it was done with public involvement and there is still additional work going on.

Mr Martin: If you had a family, children, and you were living in Wawa and you knew this information, would you be satisfied with that answer?

Mr Smith: Well, you're looking from a position where I'm a knowledgeable individual who understands how these assessments are done. Yes, I would be personally satisfied with that information. In terms of the community, I would say yes, people would be concerned, and it's our job and the job of the medical officer to explain the science. My understanding is that, through the public meetings, that was certainly the objective of that, to let the public know what was done, how the assessment was undertaken and what that assessment concluded. What I'm relaying to you are the conclusions, plus the fact that there is some additional work happening.

Mr Martin: It's noted that even though these excessive levels existed, the community was actually never warned before 1999 that there was a problem. Then all of a sudden, boom, a letter went to the municipality indicating we had 50 times the provincial guideline. Why do you think that happened?

Mr Smith: In terms of the chronology, I would have to discuss the matter with our regional staff to give you specifics on the time events.

Hon Mrs Witmer: Just to set the record straight, Mr Martin, we discussed the meeting this summer with—I

think you said it was the mayor. It was the clerk of the municipality who met with the parliamentary assistant at AMO on August 21, 2001. Also, there were meetings held with the reeve of Wawa and a council member in July, with MOE representatives. I just wanted to make sure we had that on the record, as to whom the meetings did take place with.

Mr Martin: That's fine. I wasn't quite sure. To be honest with you, all I knew was that officials made overtures, did meet with Mr Arnott.

Hon Mrs Witmer: Yes. I knew we had certainly responded in the affirmative for a request for a meeting.

Mr Martin: In my discussions with them and others concerned about this, they're still not satisfied that the ministry is taking this as seriously as they obviously feel it is, living in the middle of it. They're quite concerned that they've spent a significant amount of money themselves up to this point trying to get a handle on just exactly what the problem is and what should be done to remedy it. They don't seem to be getting any satisfaction that the ministry is willing to participate with them to that end.

Their biggest concern of course is, how do they get somebody in to do some of the remedial work that's obviously required, particularly in section 3, the part of the community out by the plant? There are still people living out there and there are further developments going on. As a matter of fact, it's indicated that the property values of some of the folks out there have plummeted quite significantly because of this issue. They're looking for some help in getting on with this and getting the remedial work done. I'm wondering today, from somebody, what would trigger that? What level of seriousness of contamination would trigger the ministry taking this seriously and ordering, as you have the power to do, a cleanup of the contaminant?

In my own community we had a train derail over the weekend; it spilled some fuels on the ground which flowed into some residential property. It probably wasn't half a day before you had big tractors and people in there. They moved all the people out and remedial work was being done immediately. What does Wawa have to do and what do the levels have to be before some action is taken to give these folks the peace of mind and security they need that their children aren't at risk?

Mr Smith: In terms of the scenario on the spill and the cleanup, that's quite different from the community. Two types of scientific approaches have been brought to bear in terms of assessing what these elevated levels of arsenic mean and what the implications are to human health. The findings to date have shown, for the residents and their properties, that no further action is needed, subject to this final study the medical officer has asked for. My understanding is that that's underway.

Each community is looked at very seriously. I can personally attest to that fact. I am concerned where there are historical elevated levels of contaminants in soil in communities. In each situation there is an assessment that requires considerable expertise and is dependent on the local exposure conditions in terms of the type of soil

that's there, the levels, the distribution of those levels, and do the people consume vegetables from their backyards? Then there is the health part of that study: does biological testing show any elevation of arsenic, in this case in urine, because that's what's appropriate. That's what's brought to bear in making a reasoned scientific decision on, are the residents at risk and do risk-reduction measures such as remediation and soil removal have to be taken? What I'm bringing to the table here is that that's the process that was followed for the community.

Mr Martin: Yet if that's the process that has been followed so far, as I've already shared here this afternoon on a number of occasions—we have elevated and excessive concentrations. We have 50 times the provincial guideline. In some instances we have 1,000 parts of arsenic per million in the soil, where the guideline is 20. The list goes on and on. Given that the US Environmental Protection Agency warns that arsenic doesn't evaporate, nor does it break down—it's there, it's real and it's not going away—shouldn't we at least be a little more aggressive, at the very minimum, in trying to deal with this and do something about it, wouldn't you think?

Mr Smith: Again, I believe that's what we have done. For arsenic, you've raised a very good point. Arsenic is ubiquitous in the environment. It's in food. The population, all of us here, are exposed to arsenic. In Wawa and in other assessments, that's looked at. We look at what is the total exposure, what is the additional exposure that residents in Wawa would receive from their normal use of their properties related to soil exposure. In addition, as I mentioned, there was follow-up biological testing, which is still under way. So it is serious and the appropriate approach was taken.

In addition, there was public consultation. It's difficult, particularly when you're hearing that a ministry guideline is being exceeded by 50 times. That, again, does not imply that there is an immediate risk to health. It implies that, yes, further assessment needs to be taken, and that's what was done.

Mr Martin: Let me put this to you, then: the guideline of 20 parts per million was formally adopted in 1996, but it had regularly been used as a draft guideline starting in 1989. Prior to that, ministry reports cited excessive arsenic levels in the town from 1969 to 1977. Copies of a memo marked "confidential" in the material that people are now looking at up there show that the ministry was clearly concerned about arsenic's cancer-causing effects as early as 1975. Why aren't we as concerned now?

1750

Mr Smith: What I'm addressing is the current situation. We are concerned about arsenic and we know it's carcinogenic. We understand what levels are of concern. We understand what the exposures are in Wawa, and that assessment was done. Again, the value in our guideline is based on the protection of plants; it would be a higher value—I don't have that in front of me—for human health, as a trigger that requires further assessment. Reaching into the past, I would have to look at the documents you're citing. Certainly the scientific understanding of arsenic would be different 10, 20 years ago.

Mr Martin: OK. I just have a couple of other questions. One is, are there other communities in Ontario where arsenic is a problem now?

Mr Smith: We have undertaken studies in other communities, such as Deloro. We did a very comprehensive health and health risk assessment in Deloro which provided us with probably the most comprehensive current understanding of arsenic toxicity, arsenic exposure, and it allowed our scientists, certainly in the ministry, to bring that knowledge to the Wawa situation.

Mr Martin: What are you doing in that situation?

Mr Smith: In Deloro?

Mr Martin: Yes.

Mr Smith: In terms of that situation, the assessment showed that the levels of arsenic on the residential properties did not require follow-up. I believe there were follow-ups on some other contaminants in that community.

The Acting Chair: One more minute, Mr Martin.

Mr Martin: Just for the edification of the minister perhaps and others in the room, I haven't done a whole lot of study of this particular issue. I'm coming at it very much as a layperson who lived for a fairly significant amount of his time in that community and has some concerns. I have family still there; I visit there quite often. Anything that happened to that town affects my city. In terms of the questioning I'm bringing to you this afternoon, just to answer the minister's question of a while back—what document am I referring to and what letters do I have?—I don't have any documents or letters. I simply have an article that was written in the Toronto Star by Bill Schiller on August 26. Those are the questions he was asking and wasn't getting any answers from the ministry on. I just thought I'd put them on the record here today. We'll take a look over the next couple of days at the answers to see what else we need to do to bring some comfort to these folks that somebody is going to do something that will give them some relief.

The Acting Chair: We have five minutes left for the government side.

Mr O'Toole: In anticipation that you'll return tomorrow, I certainly want to put on the record my appreciation for the sincere and, I would say, complete responses. I've been able to ask very unedited questions and received what I think are clear responses. It just shows the strength of the ministry to deal with many, many complex issues. To have you at the helm in that position certainly gives me confidence that we have someone who wants to do the right thing. I think the Premier, in appointing you to that position, was sending that signal, and you're continuing in that tradition here. I understand your mandate to have the highest standards and the highest quality in air, water and soil.

I just wanted to put on the record, from my perspective, some quite—I'm just a citizen when it comes down to it and, as such, don't have all the information; clearly your staff would have. You've talked about the air, specifically the Drive Clean initiative of this government. Transportation is the largest contributor to smog and other kinds of things in the air. There's an initiative there,

Drive Clean. What we were talking about was the emission credits, and what we're dealing with is the generation of power and how that contributes. From the discussion today, I see action on that front. I have some concern, and I'm wondering, in the response—if I leave you any time—about rail transit as a contributor, diesel and all that kind of stuff. Also, airplanes; when they take off, you can almost virtually see the fuel. I'm not sure who is in charge of that, but perhaps you might want to respond. More needs to be done, clearly, and there are other people who have to take some responsibility.

My friend here, Mr Miller, mentioned water. Certainly a lot of the water my constituents drink comes from Lake Ontario. Lake Ontario—I'm just wondering who is really in charge there. Have we renewed the Canadian—

The Acting Chair: Would you like any of these questions answered or are you asking this rhetorically? I just want to help.

Mr O'Toole: I'm putting them on the record. Tomorrow I may not be here and have the opportunity, because we like to share our time. Have we renewed the Canadian-Ontario agreement respecting the Great Lakes basin ecosystem? That's an important agreement, because the drinking water—with all we can do at the plant, we've got to look at the source of some of these clean water issues, and there may be some other partners; perhaps Jean Chrétien, I don't know.

The other one is soil. I'm looking at the bigger discussion we've had here in the last few days. There are initiatives that are sort of attached. On the Waste Diversion Organization initiatives that have come forward, there's more to be done there. The brownfields initiative, which is part of Bill 56, is part of an environment of, how do we deal with these contaminated sites? But also for me personally it has great resonance when I look at the biosolids utilization, paper sludge. It's clearly on the record. I've since mailed all that out to my constituents; thank you for that, and your staff.

It all comes down to looking at this as a model. On the air, water and soil issues, it comes down to first having research and capacity in and outside the ministry to look ahead and deal with issues, but also compliance and enforcement. I've heard you talk about the SWAT team and other responses to deal with that. So if you wanted to respond to those three, the Drive Clean, the Great Lakes and the other initiatives, in the brief time I've left you.

The Acting Chair: You've got two minutes to do so.

Mr O'Toole: Perhaps I've left her too much time. I mean that quite seriously, because I've really appreciated the openness of the estimates process. It's important for the people of Ontario to know that really we're here to ask questions of interest to our constituents and to the constituents of Ontario. I think it's been a very rewarding process, so I thank you, as the minister, for allowing that to happen.

Hon Mrs Witmer: Thank you very much, John. Maybe in the time that remains I'll just briefly respond to the question you had about the Canadian-Ontario agreement respecting the Great Lakes basin ecosystem. I'm very pleased to announce that as of September 28 of this

year the Ministry of the Environment and Environment Canada released a new draft Canada-Ontario agreement that will enable us to continue to clean up Ontario's areas of concern. It will allow us to continue focusing on the reduction of harmful pollutant releases to the lake and of developing lake-wide management plans.

I should say that we have—

The Acting Chair: I hate to say this, but Mr O'Toole didn't leave you enough time. It's 6 o'clock on this clock

that we've been going by, so I will have to hear about this tomorrow.

Hon Mrs Witmer: It's all good news.

The Acting Chair: As the temporary Chair of this committee, I would just like to thank you and your staff for allowing me to chair the last half of this because it's been a very educational experience for me as well. With that, we'll adjourn until tomorrow.

The committee adjourned at 1759.

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Dr P.K. Misra, assistant director, environmental monitoring and emissions inventory
Mr Doug Barnes, assistant deputy minister, integrated environmental planning division
Mr Bob Shaw, director, central region, operations division

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Official Report of Debates (Hansard)

Wednesday 24 October 2001

Journal des débats (Hansard)

Mercredi 24 octobre 2001

Standing committee on estimates

Ministry of the Environment

Ministry of Energy, Science
and Technology

Comité permanent des budgets des dépenses

Ministère de l'Environnement

Ministère de l'Énergie, des
Sciences et de la Technologie

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Wednesday 24 October 2001

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 24 octobre 2001

The committee met at 1614 in room 228.

MINISTRY OF THE ENVIRONMENT

The Chair (Mr Gerard Kennedy): We're going to call the meeting to order. Given that we have another ministry following, I'd like to get underway. We have a quorum. Oh, and here we have the members, so we're not faced with that position. Thank you all for being in attendance. We now turn to the government party. You have 14 minutes remaining in your rotation, and then we have half an hour, which will be split equally between each of the three parties, so approximately 10 minutes each.

Mr Norm Miller (Parry Sound-Muskoka): I'd like to ask a question about things we put down the drain in our houses: household products, pharmaceuticals. I think there are a lot of things in the average Ontario home that go down the drain that probably shouldn't be going down the drain. I'm just wondering whether the Ministry of the Environment has a plan to try to lessen the amount of chemicals etc that are going down the drain that shouldn't be going down the drain. Are there any plans or programs to do with that situation?

Hon Elizabeth Witmer (Minister of the Environment): In response to your question, Mr Miller, this actually is an issue that did come up for discussion this past spring when I was at the federal-provincial-territorial meeting in Winnipeg. Apparently there is information that demonstrates some grave concerns about what is being flushed down the sinks and down the toilets, and also where now we have some evidence that it's going into our drinking water. I would call on Keith West to speak to our system that we have in place to deal with those substances.

Mr Keith West: My name is Keith West. I'm the director of the waste management policy branch.

Ontario has a very substantial infrastructure already in place through the municipal system with municipal depots that collect many articles and materials that come out of households and which individual householders can take to these municipal depots to ensure that anything that might be harmful to the environment if it were put down the drain could be captured and managed effectively. We already have in place a very substantial infrastructure associated with many depots. There are a number of existing programs that municipalities run where citizens can have what is called a special waste

day when they can bring it into facilities where specialized equipment is there to ensure that the materials brought in are managed properly. So not only do we have an infrastructure, but we also have a series of programs that run throughout the year in many municipalities that try to capture these materials which could pose some harm to the environment, things like solvents that may be unused. A homeowner may have purchased some solvents and may not have been able to use them and doesn't want to dispose of them down the drain. So they can take them to these types of facilities. Used oil is another material that's captured within these programs, and paints, things of that nature.

We track annually, with our municipal partners and industry partners, how much material is actually being captured within these household special waste programs that municipalities run. I can say to you that the week before last, at the annual conference of the Recycling Council of Ontario, the minister released the results of the 2000 statistics that we achieved through municipalities submitting information to us about their programs. Between 1999 and 2000, there was a 41% increase in the amount of materials we were capturing. A lot of that credit has to go to the municipal programs in place. But there was an interim waste diversion organization that was set up in 1999, and one of the program areas it concentrated on was providing more depots here in Ontario and ensuring that more programs were able to be put in place by municipalities, and there was funding made available for those depots to be established and those programs to be run.

Not only do we have an extensive infrastructure in place and not only are we seeing substantial increases in the amount of materials being captured and managed properly within our system, but there is a new initiative afoot to very clearly address this issue as well. Under Bill 90, the proposed Waste Diversion Act, the minister is given the authority to prescribe materials for which she can require a waste diversion program to be developed. On the list of materials and on the list of programs to be developed under the Waste Diversion Act is a new entity to be called Waste Diversion Ontario, which is an arm's-length corporation that will be set up, a non-profit corporation, to develop and implement these programs. Very early on in the list is the requirement that the minister will have for Waste Diversion Ontario to develop a program for household special waste to allow for the funding of those programs that are currently being

administered at the municipal level, to ensure they are sustainable and to ensure that we continue to grow the capture that we're seeing within those programs.

Not only do we have the infrastructure and not only are we seeing substantial increases in our capture of materials that might be sensitive and need to be managed properly, but there is a new program that will be put in place—we hope in the very near future, if the bill is passed—that will require the Waste Diversion Ontario initiative to come up with a new program to fund municipal facilities and to increase the amounts of materials we are capturing.

1620

Also on that list of programs to be developed will be a used oil program. As you are aware, people change the oils in their cars at their homes. The intent is to have used oil listed as a material in which a new program would be developed, and therefore we see ourselves capturing even more used oil in that program as well.

There is a lot of opportunity, both today and in the future, to ensure we are increasing our capture rate and ensuring that these materials are dealt with and managed properly in the environment.

Mr Miller: It certainly sounds like we're making a lot of progress. I can't help but think that education must be a component of getting people to be conscious of what they put down the drain as well. Any education plans?

Mr West: Yes, absolutely. One of the things that is in Bill 90, the proposed Waste Diversion Act, is a requirement for Waste Diversion Ontario as they're developing these programs for implementation here in Ontario. One of the key ingredients of those programs is to have an educational component to it so that the public clearly understands that these facilities are available to them, and some of the impacts these materials can have on the environment if not managed properly. Education very much will be a component part of any program that gets developed.

Most municipalities already have information available to the public related to their programs, their ability to access those programs, when those depots are open and the types of materials that can be brought to those depots.

Mr Miller: Thank you very much. Mr O'Toole wanted me to say that unfortunately he wasn't able to be here today. That should allow some of the other members on this side to ask some questions.

Mr Frank Klees (Oak Ridges): It's the only way we would have an opportunity.

Minister, the Minister of Energy, Science and Technology today announced the lifting of the moratorium for coal-fired stations. I wonder if you might share with this committee the rationale for taking that step at this time and what effect the lifting of that moratorium, in your opinion, will have on Ontario's environment.

Hon Mrs Witmer: I'd be pleased to address that, Mr Klees. We actually made a series of announcements today. They all had to do with improving air quality in the province of Ontario. Maybe I will deal with the elec-

tricity caps that were put in place today. I think they're very significant. The stringent new emission limits that we did place and became a reality today mean that we're going to be reducing smog-causing emissions each year, which would be the equivalent of taking about one million cars off our roads.

As a result of the fact that we now have hard caps on the electricity sector, that we have an environmental framework for the electricity sector, we believe that we are in a position today to remove that moratorium and move forward, because the work has been done in order to ensure that the environment will be protected. I don't know, Mr Barnes, if you want to add to that. That's the short answer.

Mr Doug Barnes: Doug Barnes, assistant deputy minister, integrated environmental planning division.

The removal today of the coal moratorium is part of the commitment which was made in terms of coming forward with a new regulatory structure. Today Minister Witmer has announced a new regulatory structure. We believe that will work toward ensuring that those particular plants come down in terms of emission levels.

Mr Klees: By way of follow-up, what effect do you believe this new regulatory framework will have on projects like the Lakeview project, for example, where the expectation is the conversion from coal-fired to natural gas? Will this have any effect on that? Will there be the same level of motivation to engage in—how can I put this? Clearly, conversion to natural gas will have a very positive effect on the environment. If we're now relaxing the regulatory framework, will there still be the impetus to convert?

Hon Mrs Witmer: To convert?

Mr Klees: From coal-fired to natural gas.

Hon Mrs Witmer: Right. Today we finalized the regulation regarding Lakeview. So Lakeview, as of today, officially must cease burning coal by April 2005. There is no chance to move away from that. We've not specified what they must do. There may be new technology available by 2005. It's up to them to determine how they can ensure that they meet the appropriate standards and the strict emission caps that we've put in place.

Mr Miller: How do hazardous waste standards in Ontario compare to hazardous waste standards in surrounding jurisdictions like Quebec and New York state, the United States etc?

Hon Mrs Witmer: We've been taking a look at the whole issue of hazardous waste over the past few years. What we are trying to do is harmonize the standards that are in place in neighbouring jurisdictions, whether it's Quebec, Manitoba, the United States or elsewhere. I have indicated that we will be moving forward to impose some more stringent standards and ensure that we take a look at the pretreatment of hazardous waste as well.

I don't know, Mr West, if you want to respond further.

Mr West: I'd be pleased to. Keith West from the waste management policy branch.

I'll speak more directly to the United States Environmental Protection Agency and their requirements. Our

regulatory approach regarding hazardous waste was very much built in line with the type of approach the US has and their system. Over the last couple of years we have been very much focused on harmonization regarding our standards with their standards. If you look at the flow of waste between Ontario and the United States, most of our waste movements are between those two jurisdictions rather than across Canada. So most of our efforts are on harmonization.

The Chair: Mr West, sorry to interrupt, but the time has expired. You can return to that in the next round if you'd like. It feels like a game show. These are the brief rounds—not bonus rounds—10 minutes for each of the parties. We'll start with the official opposition.

Mr James J. Bradley (St Catharines): So little time and so much to cover. I will help with an answer to the last question. There was a press release that came out of the Ministry of the Environment, or at least somewhere in the government, that said, "We're finished. It's all done. Everything is complete in terms of the hazardous waste." Then the minister came out of the House into the hallway and said, "Not so." I was happy to see that the minister said that was not so and that now we're looking even further at the American standards. It seems to me that what happens is—the minister, I'm sure, would concur with this—that it's back and forth as to who's got the toughest standards, and that's one reason why the waste moves back and forth. We had the toughest standards for a while. The Americans got a lot of bad publicity and they got some tough standards in the mid-1990s and now we're catching up there.

But I want to ask a different question. I thought Mr Klees's questions were on a good subject and in fact were good questions. They didn't seem to be lob-ball questions. I may be fooled by that—I don't know—but I thought they were good questions.

1630

Hon Mrs Witmer: They were right out of the blue.

Mr Bradley: That's for sure. Everything Mr Klees does is right out of the blue—the deep blue.

Why would you allow Ontario Power Generation to start selling its coal-fired plants, as you said in the scrum today, before the alternative fuels committee reported on the advisability of stipulating that they be gas-powered plants instead of coal-fired plants? Would it not have been more reasonable to await at least the recommendations of the alternative fuels committee, which are due early next year, before Mr Wilson gave the green light to start selling those plants? I'm sure, by the way, Ontario Power Generation was delighted to hear the news.

Hon Mrs Witmer: I'm going to ask Mr Rockingham to respond. He's been very involved in the consultations regarding the whole issue of emissions and what's happened today.

Mr Tony Rockingham: Thank you very much. Tony Rockingham, director, air policy and climate change, Ministry of the Environment.

I would just start by explaining what today's announcement covered, because it provides the environ-

mental framework for tough environmental protection in a competitive electricity market and also provides the context for how other sectors are going to be called on to ensure that Ontario's emissions targets are met.

The first part of the announcement today was the commitment to shorten the period over which reductions have to be made. The government has posted a proposal that the timeline for the 45% reduction in NO_x, which has been our target for a number of years, be advanced from 2015 to 2010. The government has also posted a proposal to advance the timeline for SO₂ reductions. Again, the commitment is a 50% reduction, but the timeline which previously had been announced as 2015—

Mr Bradley: If I may be rude enough to interrupt, because there's so little time—you're answering as well as the minister does, I might say, in terms of skating or at least explaining the whole program; let me be kinder and say explaining the whole program. The question was, Minister, why didn't you await the recommendations of the alternative fuels committee before allowing Ontario Power Generation to sell its coal-fired plants?

Hon Mrs Witmer: We'll try to give you the short answer.

Mr Rockingham: A commitment was made when the coal moratorium was announced that that moratorium would be in place until the environmental protection framework for the competitive electricity market was in place. The announcement today completes the environmental protection framework that the government committed to.

Mr Bradley: So that—

Mr Rockingham: That framework, if I may, had three elements, and if I could just point out which—

Mr Bradley: Just because of time, I won't go there. So what happens now, Madam Minister, if the alternative fuels committee says you should convert from coal-fired to gas-fired plants as a condition of sale of any of those plants? What happens if the committee recommends that now? Are they just whistling in the dark, whistling in the pollution coming from the plants? What's happening now if the committee says that should be a condition of sale?

Hon Mrs Witmer: Obviously, any recommendations that are going to be made by the committee, Mr Bradley, would have to be considered by the government. That's what would happen. That would be the next step in the process.

Mr Bradley: But the horse will be out of the barn and not retrievable. The horse will be out on the racetrack by then, because you can't then—it looks like you can't retroactively say, "Oh, by the way, now we're saying a condition of sale is to convert to gas." You've now closed that option off as a condition of sale, haven't you?

Mr Rockingham: I would just remind the committee, and to the member, that what the government is doing now is finalizing a particular regulation. The government has processes in place to deal with other pollutants. Any buyer of the power station would be aware of those other processes. The government is fully committed to contributing a fair share to greenhouse gas emissions and is

participating actively in the national process on climate change.

Mr Bradley: Mr Brown now has a question.

Mr Michael A. Brown (Algoma-Manitoulin): I will be at the Algoma District Municipal Association meeting tomorrow night. A great number of the communities in Algoma—and for that matter the Sudbury and Manitoulin districts—are having a great deal of problems in upgrading their water systems, as you would know.

I want to ask you specifically about the town of Bruce Mines, which has been under a boil-water order since late May or early June of last year. This community has been very frustrated in dealing with the capital involved in ensuring that they can have the filtration in place and the proper treatment of their water to serve those people in Bruce Mines, in Plummer Additional township, who require water that is potable. I don't think that's unreasonable. They've asked you to expedite this process. They are still boiling the water, and the level of frustration from my constituents in this particular case is huge.

Hon Mrs Witmer: So what is your question, Mr Brown?

Mr Brown: My question is, when will you announce the funding? I should point out that this was your water system until you gave it to them, and they didn't want to take it. They've been actively working—

Mr Gerretsen: It was forced on them.

Mr Brown: They haven't even actually accepted it, but it's their problem and they don't have water. I was just trying to find out, when can they know they will have appropriate funding to get on with this so that my constituents, and their constituents in the town, will have potable water?

Hon Mrs Witmer: So they're looking for funding through which—

Mr Brown: They've applied to OSTAR and to SuperBuild, all the usual—in the good old days, the ministry used to have their own funding envelope which would expedite this process. They don't really understand where the Ministry of the Environment is here. Are you in there advocating at OSTAR that this is a priority and we've got to do this first?

Hon Mrs Witmer: We've been asked this question a number of times in estimates—

Ms Marilyn Churley (Toronto-Danforth): And you didn't give the answer.

Hon Mrs Witmer: Well, I think we've given you the answer. Part of the answer is that for all capital projects, once recommendations have been made by the respective ministries, whether it's health, environment, education or whatever, the recommendations go to SuperBuild, and SuperBuild and the Ministry of Finance make the final decisions as to what level of funding will be provided and when the announcements will be made. That's hospitals, schools, universities, and it also pertains, obviously, to the project—

Mr Brown: Has your ministry a priority list that you've submitted to SuperBuild or OSTAR saying,

"These are the ones at the top of the list"? These poor people can't drink the water coming out of their taps and haven't been able to for 16 or 17 months. Have you done that? Have you provided a priority list to SuperBuild and OSTAR?

Hon Mrs Witmer: I'll ask Mr Breeze, who has been working—

The Chair: I'm sorry. It's going to have to be a brief response. It can come from you or your staff, but we have just about run out of time.

Mr Bob Breeze: We are conducting a detailed review that is looking at the requests that are coming from the broadest range of municipalities to meet the requirements of the drinking water protection regulation. We're making sure that all due diligence is exercised so that when our recommendations come forward, the right systems are designed and put in place in the most cost-effective way.

Interjections.

The Chair: I have to move on to the next party.

Mr John Gerretsen (Kingston and the Islands): On a point of order, Mr Chair: The minister stated that a recommendation had already been made to SuperBuild, and the staff from the ministry is saying that they're still looking at it. Now, what's the answer?

The Chair: Unfortunately, the standing orders and the tradition of the committee are such that I'm not able to resolve any conflicts or whatever, but the members of the committee do have the freedom to do that and there is 10 minutes now for the third party.

Ms Churley: Perhaps I'll ask for clarification. I have other questions, so I need to be quick on this, but we do need clarification on the question. I won't repeat it, in the name of time, but the point of order: who's right on this?

Hon Mrs Witmer: I think Mr Breeze was describing the process that takes place.

Ms Churley: OK, so you were describing the process.

Minister, this is my last kick at the can in this area and this forum. The reason why you're getting so many repeated questions on this subject over and over again is because it's almost difficult to believe that there isn't a dedicated fund for sewer and water and that you have so little, if any, part of the process of determining who gets the money, and that this money is not enough anyway and is going to all kinds of other projects and you have no say in it.

1640

The message you're getting from this committee is loud and clear, particularly since you brought in your new regulations, which I have to say here again for the record are not nearly as good as my Safe Drinking Water Act, which would bring all this into law. Nonetheless, these are the regulations we have until my safe drinking water bill is passed, and it's astounding to us that you have these regulations in place without the funding to go with them and the fact that some of those communities are having to ask for an extension to meet the requirements and the deadline of the new regulations. That is just not acceptable. These messages are coming forward

from various members because, as you know, it's a real problem in the community.

I just wanted to reiterate that. I'm sure you will advocate for more money and a dedicated sewer and water project, but in the meantime speed up the process for those communities which are desperate right now for the money.

Hon Mrs Witmer: To respond, Ms Churley, you need to know that the initial projects in rounds 1 and 2 are focused on safety. There is \$240 million that has been set aside, and I know that staff are working together in a collegial manner to ensure that this information is provided to SuperBuild and that it would be released by the Ministry of Finance as quickly as possible.

Ms Churley: OK, thank you. Your ministry, though, should have a fund dedicated to safe drinking water and be completely in control of the allocation of that money. That's what we're saying here.

Your announcement today, I want to follow up briefly on that. As I understand it, the plan you announced would reduce NO_x by 53% and SO_x by 25%. You know as well as I do, Minister, that this falls well short of the rates that could be obtained by converting 83%, say, of Ontario's fossil fuel capacity to natural gas. You'd get a 77% reduction from NO_x by doing that and an 83% reduction from SO_x. As you know, Nanticoke is the single worst point source of air pollution in Ontario.

Mr Bradley from the Liberals mentioned earlier the alternative fuel committee, which is a committee I sit on, and I must say that from the meeting this morning I'm not so sure—it's supposed to be a non-partisan committee and we're all working hard to make it that way, but there were government members from the meeting this morning, for the record, who wanted to make sure that coal, the cleaner kinds of coal that they're looking at in the US, is on the agenda as one of the fuels to be looked at, while we're supposed to be looking at new alternative forms of green energy. So I got very concerned, I want you to know, when government members—and I'm not mentioning any particular names here, but one of them is here—

Mr Bradley: Surely not the member for Durham East.

Ms Churley: Seriously, I was quite alarmed to hear that. I don't think we should be looking at it, but due to the fact that it has now been suggested that we be looking at it, I'm not convinced that at the end of the day the committee will be recommending moving away from coal; it might be trying to recommend going to cleaner coal, which as far as I'm concerned is not an option.

I just want to ask the minister two things about that alternative fuel committee. First, that specific question: would you support a cleaner kind of coal as an alternative greener fuel as we move to alternatives? The second question I want to ask you is this: because of September 11 and because of concerns about our supply of energy, and because of air pollution, would you not agree with me that the alternative fuels committee should be suggesting some short-term things that we can do now as opposed to waiting until the end of 2002 when it comes

out—of course it will be studied—that given the problems we have and people dying from air pollution and all of the other problems associated with air pollution, including the tremendous costs to our health care system, which I know you are aware of as well from having been health minister, we should be looking at moving rather quickly on such things as conversion of all the coal plants to gas and looking at getting back into energy efficiency and conservation right away and better modes of transportation, those kinds of things? It's not high-tech, sexy technology, which we need to be looking at to bring in, but it's going to take economic instruments, it's going to take policy changes to make that happen.

In the meantime, we're not doing much of anything. I'm asking you, would you agree, given these problems, that we should be moving more quickly on those things? I also want to know whether you agree with me that it is wrong to be lifting the moratorium on those coal plants now when we have an opportunity to have them converted to gas. What is going to happen is that they will burn coal. They will be owned by private operators who will be burning coal at full capacity, selling to the States and wanting to make a profit; that's what the private sector does. In my humble opinion, the announcements today, and I only have time to go into part of it, I have to study it more closely, will actually possibly increase air pollution in Ontario. That's a major concern, and I think you're going to hear that from more people than me.

I don't know how much time is left, but these are very serious questions in terms of, I would say, the very serious problems we have with air pollution, and we have an opportunity to do some things quicker rather than later to start fixing these problems.

Hon Mrs Witmer: Thank you very much, Ms Churley. There were many questions contained within your statement, but I do want to first of all point out clearly that the announcements that were made today were very bold initiatives that will reduce air emissions. If we just take a look at the very stringent emission caps that have been put in place for the electricity sector, beginning next year the smog-causing emissions in this province will be reduced to a point where it's equivalent to taking one million cars off the road. I believe that is very, very significant.

Also, if we want to talk about closing Lakeview to coal or converting these coal plants to gas, I can tell you that there have been requests for this to happen for many, many years to other governments, because my colleagues have told me they have been asked of this, because the people around Lakeview told me they had asked other governments to ensure that there would be a conversion from coal. Our government is the one that has taken that action, and that action has been applauded by that particular community. So the announcement today is very good news.

The legislative committee on alternative fuels is going to continue to have a very good dialogue. One of the issues that you referred to is the fact that they are taking a look at the conversion to gas, but that is a very complex

decision, and if that was a recommendation, the government would have to look at it because they'd have to take a look at the whole impact on energy security, pollution, electrical prices. So that's a very complex decision that would be made.

Ms Churley: That will be too late because of the plants that got sold off.

The Chair: Thank you, Ms Churley, Minister. Thank you both. The time has expired, and we now turn to Mr Wettlaufer.

Mr Bradley: Be tough, Wayne.

Mr Wayne Wettlaufer (Kitchener Centre): I've got an interest in my riding. Minister, the Conestogo dam is one of the dams along the Grand River system that has some maintenance problems, and it can affect a number of the cities and municipalities downstream of the dam, including Kitchener and Waterloo, your riding. It can affect water quality; it could affect farm fields in the event that this dam ceases to operate properly. I am aware that, for capital, the SuperBuild fund is supposed to be looking after this, but I'm questioning now whether this is capital or whether it's maintenance, and is maintenance considered part of the capital element? I'm very concerned, because the Grand River Conservation Authority really doesn't have the resources to pay for the upgrade or the maintenance of this dam, and I was wondering what we could do on that.

1650

Hon Mrs Witmer: Thank you very much, Mr Wettlaufer. I think the issue of the dam is a very big concern for all of us who are a part of that particular watershed, but dams are actually the responsibility of the Ministry of Natural Resources, and so any request that we would make and concerns that we have are ones that we should share with the Minister of Natural Resources.

Mr Wettlaufer: Thank you, Minister. I'll make sure I pass that on.

Mr Klees: Minister, I would encourage you, contrary to Ms Churley's pleading, that you in fact look to the alternative fuels committee to give you some good input on not only the coal that is being used very successfully in the US but also the technology that's required to burn that coal. It's not just that it's a different coal, but there is a specific technology that relates to that. The information we have is that the result of that is that it actually burns cleaner than natural gas, so it would be wrong for us to avoid considering that alternative. But that's not what I want to speak to you about.

As the member for Oak Ridges, it would be remiss of me not to discuss the Oak Ridges moraine. As you're aware, the Minister of Municipal Affairs appointed a panel that's been reviewing the Oak Ridges moraine and has had consultations. Could you share with the committee the role that the environment ministry has played in the course of that consultation over the last number of months and what kind of input the Minister of the Environment has had into that process?

Hon Mrs Witmer: Our area of input, I guess, has been the whole issue of groundwater. That's where we

have had a major impact. I know that Brian Nixon has been involved on our behalf in making sure that that whole issue is adequately discovered, because there is some concern, obviously, about the future quality and the quantity of the water.

Mr Brian Nixon: Thank you, Minister. My name is Brian Nixon, director, water policy branch.

To the member, as you are aware, there was a process established when the initial announcement for a moratorium on the moraine was made in May of this year, and an advisory panel was struck. Our ministry, together with the Ministries of Municipal Affairs and Housing, Natural Resources, Agriculture, Food and Rural Affairs, and Finance, provided assistance throughout that advisory panel's work. Following the release of the minister's strategy for the moraine, members from the ministries, including our ministry, attended the public sessions and stakeholder forums that were held across the moraine in the months of August and September and served as resources both to the panel and in answering questions that were raised by the public on issues of water and the environment at that time.

So we've been fairly involved both in the public process and in working with the advisory panel that was appointed by the Minister of Municipal Affairs and Housing at the time. They're looking at the work of the advisory panel that has come to the government and determining what sort of plan or strategy should be put in place to protect the moraine.

Mr Klees: Could you tell me something about the degree of input that your ministry had? You refer to the fact that staff were there as resources. How proactive was your ministry in actually providing recommendations or cautions to the panel?

Hon Mrs Witmer: I can tell you that we were very proactive. I don't know if Mr Nixon would like to speak further to that, but certainly we had some recommendations that we felt should be given extremely serious consideration.

Mr Klees: Just one last question, then. I understand that the Minister of Municipal Affairs and Housing, who has the lead on this, is now in the process of finalizing legislation that we expect to see in the House soon. Can you share with us the degree of input that your ministry has had in actually crafting that legislation?

Hon Mrs Witmer: Again, I would hasten to add that we have attempted to be extremely proactive. Obviously we're very concerned that all steps necessary would be taken to protect water resources on the moraine and we would hope that at the end of the day the recommendations that we have indicated are necessary would be reflected in the outcomes, the final plan.

Mr Klees: I can't expect you to disclose what that legislation is right now, but can you tell us, based on what you've seen, that you're satisfied the legislation does in fact contain those recommendations?

Hon Mrs Witmer: I'll ask Mr Nixon to respond.

Mr Nixon: Just to go back for the benefit of the member, I think the Minister of Municipal Affairs was quite

public about the fact that this was a joint effort among the ministries and that the assistant deputy ministers and senior staff of each of the ministries, including the Ministry of the Environment, were put on the job and given the task of ensuring that there was a balanced approach to the strategy that was developed for the moraine.

That's certainly the case in terms of the environmental protection that will be offered by whatever the government comes up with and certainly true in terms of water protection because, as the member knows, that was a key issue that the public raised and it was raised by the advisory panel in the advice that they provided back to the minister and to the government.

Mr John O'Toole (Durham): Just a quick question. The brownfields interests me, rehabilitation in urban areas. I attended a little conference. I'm co-chair of the cement caucus, which is dealing with the use of cement as opposed to asphalt and other things. The presentation, I know, was attended by Ministry of the Environment people on cement solidification as part of containment. Could you just give me a quick response? I think it's an interesting technology that's been applied in some waterfront and other kinds of applications.

Hon Mrs Witmer: We'll try to find somebody who has the answer to that. I would just say, Mr O'Toole, that's a very technical area and I believe the individual who has the expertise is on staff and probably is not here.

Mr O'Toole: It's just a point I put on the record.

Mr George Rocoski: My name is George Rocoski. I'm with the hazardous waste policy section. Although I did not attend that particular session, I have had some discussions with the cement industry about some novel processes and ideas they have in using cement product in a variety of applications, one of which is in the redevelopment of brownfields. It's an emerging area that we're looking at in discussion with them at this point in time.

Mr O'Toole: That's sufficient.

The Chair: I'm afraid the time has expired, and with that, the time for estimates.

We now turn to the part of determining whether or not the ministry receives its money for the year. There are votes covering about \$233 million. I will now seek the pleasure of the committee: permission to collapse the votes?

Interjection: Agreed.

The Chair: Shall votes 1101 through to 1104 carry? Carried.

Shall the estimates of the Ministry of the Environment carry?

All those in favour, please say "aye."

Those opposed, please say "nay."

The ayes have it. I declare it carried.

Shall I report the estimates of the Ministry of the Environment to the House? Opposed? I declared it carried.

Thank you, Minister.

We will recess for about five minutes so that there are no injuries in exchanging between ministries, and we'll reconvene here in five minutes for the Ministry of Energy, Science and Technology.

The committee recessed from 1700 to 1708.

MINISTRY OF ENERGY, SCIENCE AND TECHNOLOGY

The Vice-Chair (Mr Alvin Curling): We'll resume the estimates committee. I'm going to call the Ministry of Energy, Science and Technology. It's vote 2901. We'll lead off with the minister. You have about 30 minutes, and you can always cut that shorter for us if you want, in which to make your remarks.

Hon Jim Wilson (Minister of Energy, Science and Technology): I appreciate the opportunity to appear before the standing committee on estimates. A little warning: I probably will take most of my time, unless somebody has something they absolutely need to ask me about. I wouldn't mind taking this opportunity, given that this ministry was created some four years ago and I'm the first Minister of Energy, Science and Technology for the province.

We hear a lot about the energy side of the portfolio from time to time in the media. The good news, in terms of supporting research in a massive way in this province, the programs we have to do that, and in creating an innovation culture in the province and creating the groundwork for jobs of today and tomorrow—we don't often read about that or see that in the media, because it hasn't been controversial, and I think it's one of the success stories of the government.

I'd like to begin by talking about the ministry's science and technology strategy and some of our key initiatives and activities in support of that strategy. We're just handing out an insert that appeared in the *Globe and Mail* last week, which was paid for by the advertisers. It outlines a number of the programs we've developed over the last four years. On the first page, I'll talk a little bit about that pyramid. It really is an illustration of our S&T, or science and technology, strategy in the province. It's the clearest illustration I think we've been able to come up with to show you what we mean in terms of supporting S&T in the province and supporting quality jobs now and in the future.

I will try to divide my time equally between the ministry's two core businesses, energy, and science and technology. First, though, I want to talk about the core business of science and technology.

The ability to develop and commercialize new technologies, products and services is the key to maintaining and strengthening Ontario's position in the new economy. To encourage and support science, technology and innovation, the ministry's science and technology strategy is focused on three key building blocks. I again refer you to the pyramid illustration: building a culture of innovation, investing in people and infrastructure and

developing incentives for the commercialization of research.

Our ultimate goal is to help create high-paying jobs and a higher quality of life for the people of Ontario, Canada and indeed the world. There is no doubt that we live in an era of rapid and continuous technological and economic change. More than ever before, our ability to adapt to the new global economy and to seize the opportunities it presents depends on our ability and willingness to embrace science, technology and innovation. Although the opportunities and challenges of the global economy are new, they are not without precedent. Throughout history, advances in science and technology have permitted a steady increase in our standard of living. But this long, gradual progression has been marked by occasional periods of truly spectacular growth.

For example, the Industrial Revolution built on the best science and technology of the day to produce a profound leap forward in human wealth, health and welfare. Since then, the world economy has continued to be propelled dramatically forward by repeated periods of breakthrough advances in basic science, followed by intense investment in new technologies and correspondingly rapid growth in the economy. In each period, entirely new businesses have emerged.

The economic expansion in North America prior to September 11 was due in large part to the latest period of scientific advance in biotechnology, information technology and telecommunications, to name just a few of the most important areas. If history is a guide, these new industries will likely become dominated by a relatively few multinational companies, built upon and still powered by intellectual property. What is equally important for any specific jurisdiction is that where those companies began, they will typically remain, in terms of their core competitive advantage. For example, the head offices and research base of the original Big Three North American auto companies are still in the state of Michigan.

How, then, does a jurisdiction become the home of the new growth industries of this century? Specifically, how can Ontario become the home of these industries? The Ministry of Energy, Science and Technology believes that success depends on the degree to which we develop our innovation process. To visualize that process and our strategy to develop it, I want you to look at the pyramid that's in the handout. At the base of the pyramid is a culture of innovation, a deeply embedded community belief that new scientific knowledge, coupled with entrepreneurial courage, tenacity and vision, will lead to a better quality of life for all. Our strategy to create a culture of innovation is simple. It is to develop local partnerships that will create a culture around science, technology and innovation.

For example, in 2000 we established the \$5-million, five-year Youth Science and Technology initiative, or YS 'n' T, as we call it. The primary objective of YS 'n' T is to help build the community infrastructure that will provide our young people with the opportunity to explore science in a creative and fun way.

In dollar terms this may be a rather modest program, but the ministry will continue to place the highest priority on working with and leveraging additional resources from our many partners to help build this culture of innovation. You're going to see that in every one of our programs. We require contributions from the private sector and we require partnership and contribution, either in kind or in cash, from public sector partners. We take every opportunity to encourage those who receive funding support from the government to engage in outreach programs, to embrace their broader opportunities and to build a foundation of understanding and support.

This brings us to the second layer of our pyramid, investing in science and technology infrastructure, and the researchers and innovators who make it all happen. Research is costly, but any jurisdiction intending to play a major role in the new economy must commit to these types of strategic investments. Our strategy at the ministry has been to help build a critical mass of infrastructure and talented researchers.

For example, the government established the Ontario research and development challenge fund in 1997 with an initial commitment of \$500 million. The purpose of the fund is to help build capacity by forging partnerships between government, research institutions and the private sector. To date, the challenge fund has invested \$374.2 million in 87 major research projects, which our partners' contributions have brought to a total of more than \$1.1 billion.

Last year I announced the establishment of the Ontario Cancer Research Network, in which the ministry will invest \$50 million over three years to increase and integrate applied cancer research in our public institutions. The Ontario Cancer Research Network will accelerate the discovery and development of promising new therapies, speed cancer research by linking researchers, physicians and patients and support ongoing laboratory-based research by establishing a cancer tissue banking network, or what we would call a cancer tissue bank.

Another initiative is the \$85-million Premier's Research Excellence Awards, or PREA. We're in our third year of PREA. PREA helps our best and brightest young researchers build top-notch research teams. One of the things we were determined to do was to reverse the brain drain and turn it into a brain gain for the province of Ontario. In my time as health minister and prior to that as health critic I spent a lot of time with researchers, particularly in the pharmaceutical area, but also with those at Mount Sinai, for instance, at the Samuel Lunenfeld Research Institution, with those at MDS in the private sector and with many of the federal government labs, where a tremendous amount of good research is going on, sponsored by both the public and private sectors.

One of the ways we felt we could help was to show these researchers, not always through monetary means or reward, that we feel their work is valued in this country and in this province. Part of encouraging them to stay here or to come back here is to create a culture in which research and our researchers are valued. I can remember

talking to Dr Tyrone David who, next to Dr Willie Keon, is probably North America's best heart surgeon. He always takes the difficult cases, and they come from around the world to be operated on at Toronto hospital. I remember asking him about seven years ago why he stayed here when he had multi-million dollar offers, particularly from the United States. He said, "Because this hospital makes me feel welcome, and this is my home country," at least his adopted home country. There was an atmosphere, at least in that hospital, and for him from time to time in our media because he would be celebrated, that made him feel like he was very much wanted in this country. He said, "Beyond the fact that I could make more money elsewhere, I feel that people want me, need me and I'm appreciated here."

I thought that for someone of his stature, if that had the sort of effect on him that keeps him here and keeps him motivated, then perhaps we could do that with those researchers that governments of all three stripes over the last 15 or 20 years, prior to the introduction of the new ministry, had simply starved at the bench level. We had to change that around in terms of dollars, but also in terms of making sure that our best and brightest felt appreciated here.

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The Premier's Research Excellence Awards are the first of their kind in Canada. I'm not aware of any similar awards in the United States either that are given out by state government. There may be, but they haven't come to my attention. Those researchers are given \$100,000 from the public purse, and \$50,000 comes from their sponsoring institution and/or the private sector through that sponsoring institution. To date, we've invested more than \$30 million in 305 researchers at 15 post-secondary institutions throughout the province.

I invite you to the awards ceremony, which is on November 24. It's a black-tie event. Actually, we joke every year that some of these researchers had to go out and buy a tie, and they seem to appreciate the humour. You'll see them, and many of their colleagues are able to come. We have a tremendous turnout. Again, this will be our third year. The first year, the Premier was able to attend himself. Last year we had the Honourable Ernie Eves, the Deputy Premier, and hopefully the Premier will be able to come this year to just pat these researchers on the back, to give them, yes, their monetary award, but also to let them know the province appreciates their work.

This year's budget brought a first again for Ontario, with the Premier's platinum medals for research excellence. They'll build upon the success of PREA to showcase the high-calibre researchers here in Ontario. We do have high-calibre researchers. You'll notice in the newspaper today that a study of the journals both in North America and in the western industrialized world shows that the best cancer researchers in the world are located in Canada, and most of them in Ontario. That's something that hit the mainstream media that you don't very often read about. It's something that we don't celebrate

and we need to celebrate more. So the platinum medals for research excellence are an opportunity. The Nobel Prize this year was just over US\$700,000. Each of these awards, of which there are two to be awarded each year, to two different researchers, is valued at \$1 million, so they're the largest awards of their kind in Canada and among the largest in the world. We're very, very proud of that.

Each year, as I said, under this six-year program—the platinum awards are a \$10-million initiative—two of Ontario's internationally recognized researchers will receive the million dollars. It's not for them to keep, like the Nobel Prize. You hope, and the rules are, that they will build and will continue to build around them a world-class research team so that they continue their good work, which is obviously being recognized by their peers.

I should mention too that politicians don't make the decision in this case. At the ministry we pride ourselves, and I'll talk a bit about that in a minute, on asking volunteers from the outside, experts in their field. We ask the best to judge the best and we don't make political decisions; we take the advice of their peers, who judge their worthiness for these awards and for many of the other granting programs that we have.

This is the first year, but again, in terms of trying to make sure the public also understands that they have world-class researchers in our midst here in Ontario, the platinum medals this year, because of the very large monetary value attached to them, will attract significant media interest. That can only help, again, pat these researchers on the back and recognize them for their important work here at home. It's a shame that you have to go to Europe to be recognized in science in Canada. It's time we recognized scientists in Canada, and that's what we're doing. These are the Nobel laureates of the future, and there are Nobel laureates of today in Canada and in Ontario.

To help support the considerable costs of the physical infrastructure required to support leading-edge research, meaning everything from buildings to test tubes to the most advanced diagnostic equipment, the government of Ontario established the Ontario Innovation Trust, or OIT, in 1999. After an initial endowment of \$250 million, the 2000 Ontario budget increased the OIT to \$750 million.

Since its inception, OIT has committed more than \$400 million to support 435 research projects at 33 of Ontario's colleges, universities and research hospitals. These investments have leveraged another staggering \$650 million from other sources, including the Canadian Foundation for Innovation and other partners, mainly in the private sector.

To help offset the indirect but necessary costs of research, such as paying the heating and lighting bills, the overhead, the library services, and to make sure that our publicly funded educational institutions don't have to rob funding from undergraduate programs to pay for research, we established the \$30-million research performance fund. It's the first of its kind in Ontario and it's to

pay the overhead. At the time we established that fund, we challenged the federal government to match what we're paying in terms of overhead. We found that with the hundreds of millions of dollars available and going out the door through the partnerships under the OIT and the other programs, the challenge fund, some of our institutions, while happy to get that money—we were draining their other resources and making them rob Peter to pay Paul in order to keep the lights on in the lab. They didn't want to say no to the government money, whether it be federal or provincial, but there needed to be a recognition, and we did recognize finally, that overhead had to be covered.

At a meeting just recently with science and technology ministers across Canada, a federal-provincial meeting just three weeks or so ago, Brian Tobin, the federal minister, indicated that the federal government is seriously now looking at also helping to pay the indirect costs of research at our research institutions. It's a bit of a wait-and-see. Certainly it was a request from all provinces, and I want to thank the province of Quebec for their very strong interjection at that point in our meeting.

Because research and development today depends so much on communication among researchers, the Ontario Research and Innovation Optical Network, or ORION, is providing another \$57 million over five years to connect the province's research institutions with high-speed fibre optic cable. This isn't just your regular high-speed fibre optic cable; this is, in layman's terms, my terms, super-high-speed fibre optic cable. Somebody described the pipe being this big today; this is a pipe like this. We're starting with connecting the research institutions so they can start to send large amounts of research data among themselves. We will, as money allows and as partnership allows, expand that program.

The ministry is not just involved in supporting this type of high-speed research infrastructure; we're also supporting more of your everyday high-speed infrastructure into homes and towns. Through the Connect Ontario initiative, the ministry supports private-public partnerships aimed at establishing a network of 50 connected smart communities across Ontario by 2005.

Connect Ontario builds upon the success of the program we had previously called TAP, the telecommunications access partnerships program. Connect Ontario helps Ontario communities attract new high-tech investment by improving access to community information and services. It will bring the benefits of e-government and e-commerce to our smaller communities through one-window on-line access.

In July of this year, I announced Connect Ontario investments of more than \$5.3 million and three infrastructure projects and 16 business plans to establish connected communities across Ontario. Just one point that may sound a little political, and perhaps it is: the federal government, John Manley, made the big announcement several months ago, when he was still minister, that the federal government was going to connect every home and every institution and every school, cer-

tainly every public facility, to the Internet by some projected date in the future. You'll note that we're the ones actually doing that; he's the one taking the credit for it. The only community that they have connected in Ontario was what? They chose one. Which one was the federal government actually—

Interjection: Upper Canada Networks.

Hon Mr Wilson: Upper Canada Networks. We, under the TAP program, actually did places like Sudbury and others, helped them through partnership with Bell or—I shouldn't get into all the private sector partners because I can't remember all of the people who have been involved; I don't want to leave anyone out. But I get angry, obviously, as a provincial politician, that the federal government sets these lofty goals but they actually don't have much of a program out there. It's up to towns, with the private sector and some help from us, to try to improve their infrastructure in terms of the information age. So we need to keep the pressure on them to actually come forward with some dollars and move forward with these programs. Brian Tobin, as you will see, is reportedly at this point in history asking his cabinet colleagues for some money, and we'll see whether he's successful probably in the next few days, if not weeks.

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The third layer of our strategic pyramid, commercialization, deals with how to successfully move new ideas and technological innovations from the lab to the marketplace. This is an area that we're going to concentrate on more and more as time goes on. Perhaps nothing is more important in this regard than the creation and protection of intellectual property rights, something that has been quite topical with respect to genomics, for example. We certainly have seen the beginning of that debate around the issue of the breast cancer tests that the Ministry of Health in all provinces and federally were involved in with a US company. Getting right this process of intellectual property rights is essential to all the rest. For example, our research funding agreements that we have in the province with our public and private partners clearly provide that the recipient institutions and their partners retain intellectual property rights.

Commercialization of invention, the completion of the last leg of the innovation process, is about building relationships and creating interlocking networks. It's about getting business people, financiers and researchers in touch with one another. We are trying to foster these kinds of relationships, for example, through the \$20-million Biotechnology Commercialization Centres that the government has supported, helped to establish, in London, Ottawa and Toronto. These centres will be part of the framework of initiatives that will help us achieve the government's goal of making Ontario one of the largest homes of the biotechnology industry in North America. On that note, I'm pleased to tell you that the first of these three centres, the Ottawa Biotechnology Incubation Centre, officially opened the first of its two sites on October 5 of this year. And we turned the sod on London not too many months ago, and it should be coming along shortly.

Our longest-standing initiative to bridge the gap between our research institutions and the marketplace is our four Ontario Centres of Excellence. The centres have for years connected researchers and entrepreneurs in creative, mutually beneficial partnerships that produce results. They have heightened the capabilities of our research institutions, led to marketable products from innovative Ontario companies, and fostered the creation of more knowledge-intensive jobs right here in the province.

For almost all of the initiatives I have just outlined, a large number of volunteers, as I said at the beginning, on our advisory groups provide guidance, advice, recommendations and program and project approvals. Those groups include the Ontario Science and Innovation Council, the advisory committee on the Ontario Centres of Excellence, the challenge fund board, the PREA board and the BIOCouncil, among others. I want to take this opportunity to recognize their dedication and contribution, without which our budgetary estimates would be considerably higher. In fact, the ministry won a public service award recognizing the fact that we've put to good use volunteers. Rather than the old days of hiring a bunch of civil servants to help make all these decisions and calling groups in just for half-hour meetings, we actually have full-time boards, which we don't pay. They're people like Dr Cal Stiller; Joe Rotman is head of our BIOCouncil; the Prime Minister's brother, Dr Michel Chretien, is on our science and innovation council; Dr Suzanne Fortier, from Queen's, is the chair of that council; Dr Bill Winegard, a former science minister in Canada and former president of the University of Guelph, is president of the PREA awards.

I would invite you to look at some of the annual reports of the different boards; we'd be happy to make them available to the committee. It's virtually a who's who of research excellence in the province, of business expertise. Many of these people, I have to tell you, don't even put in for mileage to a meeting. It's amazing. They just do it out of the goodness of their heart, and they spend hundreds of hours a year. It was recognized on the national level. Deputy Minister Bryne Purchase, whom I should have introduced at the beginning, and Assistant Deputy Minister Judy Hubert are with me today, and they deserve a great deal of credit, as does Bryne's predecessor, Ken Knox, who was around to help establish the ministry.

I'm very proud of the approach we've taken too. We have very low administrative dollars, because we believe what dollars we are provided by the public purse should go to the researchers, to Connect Ontario, to the programs that we have in terms of front-line services and dollars so that the economy will benefit and the people of Ontario will benefit.

So I've outlined our pyramid, our basis for new investment and job growth in the 21st century, what the ministry is trying to do in the new economy and to make sure that we have those value-added jobs here in Ontario. Why do we do that? Why did the ministry establish it in

the first place? When the Premier asked me to do the job, he said, "Jim, I want you to help recession-proof our province." This was four years ago, because he knew there were ups and downs in the economy; there always has been. I said, "What do you mean by that?" He said, "Well, those economies that provide the new services, the new pharmaceutical drugs, the new therapies, the new inventions like the blackberry, those are the economies, in good times and in bad, from which the world will want to buy goods and services."

The Vice-Chair: About a minute more.

Hon Mr Wilson: It will help smooth out the traditional ups and downs that we've experienced in our economies in the industrialized world and indeed in the world.

Mr Chairman, I'm just about to begin on the energy sector, so I might just end there, and perhaps, if I'm fortunate, someone will ask me to continue, to just finish up my remarks, during their period of time.

The Vice-Chair: I'm sure they will give you time, but we have a lot of questions. I'm going to ask the Liberals, who have 30 minutes. Mr Gerretsen. We'll be leading off with the Liberals.

Mr Gerretsen: Good afternoon, Minister. In the absence of our critic, I will lead off with some of the questions that maybe are not as technical in nature as he undoubtedly would have asked if he were here but are more consumer-oriented.

Let me just ask you this right off the top—and this deals more with the energy sector rather than the science and technology sector. The average individual out there is awfully confused by deregulation, where they're getting their energy sources and all the questions that relate thereto. People are being visited on a frequent basis by individuals who are trying to sell them contracts—long-term, short-term, switch carriers—and everything that's associated therewith. What programs does your ministry have in place to educate the general public as far as what's going to happen to, particularly, the electricity market? I think the average person out there is tremendously confused about what may be around the corner for them.

Hon Mr Wilson: Absolutely, and it's an excellent question. Last year, we did provide through the LDCs, local distribution companies, mostly municipal utilities—I'll just give you some of the practical tools we've used and then tell you where we're going—a bill-stuffer. So a pamphlet did go in every utility bill in the province last year. I think almost all 4.1 million customers received that. I think we had participation from all of the local distribution companies, and it was good of them, because they believe where we're going, and it was good of them in terms of restructuring the industry to provide space and stuff that in their envelopes.

At the same time, that alerted people to our phone number at the ministry, where we have a call centre set up, inviting people to call in and ask any questions they might have. So far, we've spent \$3.7 million on the stuffers.

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But most of that money has been used—you'll note in the papers some weeks go by where you can't help but see in either one of the national papers or the big Toronto dailies, or we've done the weeklies, the community newspapers and the ethnic press, banner ads which have the Ontario crest or Ontario symbol on them and the toll-free line that customers can call for exactly that reason. We know marketers are coming to their door and we want to answer their questions in as balanced a way as we can. The Ontario Energy Board has also taken out a considerable amount of media space over the last year to inform people where they can complain, should they not understand something or not like the approach that was taken by a marketer at their door.

This year, we had another brochure, an updated one called Electricity Update 2001, to follow up last year's. These things are also in shopping malls. If you go into the Eaton's Centre there's a big display of them; you can't miss them.

I'll cushion my words by saying that people are only now starting to get interested. Doing this last year, I've got to admit, they must have wondered what this was in their bill. Part of the marketers going to the door themselves—while we've had some complaints, I think there have been nine million marketer visits by one company alone, and there are a few companies out there; consumer contacts, I guess you'd call them, where people haven't necessarily signed up but that choice has been brought to their door and they are given some information.

We have recently received approval from the government to do a more massive campaign. We know from other jurisdictions that if you do the campaign too many months ahead of time, by the time you get to market opening, people have forgotten. So the advice we got, right back to what we call the market design committee, which was a group of volunteers from the industry, from the Consumers' Association of Canada, from environment, who advised the government how to implement the white paper we did some four years ago—right from that time they said, "Your public education has to be focused, and it has to be focused close to market opening, or people won't pay a lot of attention and won't know what you're talking about." There's another pamphlet going out in the winter of next year and there are going to be radio ads. I'm not quite sure we have the money for TV ads, but we're working on that.

Mr Gerretsen: Well, you seem to have lots of money for lots of other government advertising. Maybe you can take some of the money from some of the other ministries.

Hon Mr Wilson: That's a good idea. I'm not going to disagree with you.

Mr Gerretsen: Put out some meaningful educational ads.

Hon Mr Wilson: Anyway, so we are doing something, but I know, you're absolutely right, we need to do more.

Mr Gerretsen: What guarantees can you give to the consumer that the rates won't go up?

Hon Mr Wilson: In a free market there are no guarantees. We've always said that the best guarantee of the lowest possible prices is competition. I can guarantee that we had no choice. I can guarantee that we could not go forward with the old monopoly system. To make sure we don't become a California, where they hadn't built a major plant in 13 years and nothing in the last eight years, where Silicon Valley moved in during that time and a few million people moved into the state—you're talking about a state with almost the same population as Canada, about 30 million people, and they hadn't built a new generation facility.

Lo and behold, they have a supply crunch. That's widely recognized as the basis of the problem, that and the peak in natural gas prices, because they're about 56% dependent on natural gas for the production of their electricity; we're about 4% or 5% in the province of Ontario. Between gas prices, but more importantly a lack of supply, and no competition, in California, during all the time that everybody's been asking me questions, there have only been three utilities, there have been three monopolies, in a state with essentially the same population as Canada, and they've had all kinds of problems. I'd like to say, whether it's politically correct or not, they've been half pregnant. Everyone is talking about competition, but they haven't really—and I've been to California on three occasions.

Mr Gerretsen: Aren't you really doing the same thing here in Ontario?

Hon Mr Wilson: No.

Mr Gerretsen: Hydro One is buying up an awful lot of the smaller municipal utilities.

Hon Mr Wilson: I can tell you about that, but it's not going to be your price driver. For the first time we're actually regulating the wires in this province. Electricity wasn't regulated in the past. It's not called deregulation in Ontario either, which the media does, I understand, because electricity wasn't regulated.

Just let me finish my Ontario Hydro. We couldn't keep going forward. Prices went up, between 1985 and 1995, 60% in this province, and the debt went up. So we weren't even paying our bills, plus the average consumer saw a 60% increase during that period.

Bob Rae actually recognized the problem in 1993 when he brought in the first price freeze. He realized that we were losing jobs in this province. One of the problems was, we went from having the best electricity prices, energy prices, back in the 1960s and 1970s, when Roberts and Davis were able to attract significant manufacturing jobs to this province. Not everyone is going to be a rocket scientist. Not everyone is going to be able to participate fully in the new economy. We have to gain back some of those traditional manufacturing jobs.

This is a jobs and economy government, a jobs and economy cabinet, and we believe fully that the best possible prices will come from competition, as is happening in California right now. You're not reading about California right now because, since they faced their demons and said, "You can't be half pregnant," they've

had four new plants built and prices are going down because there are more people supplying and they're competing with each other. The more plants they can build, the more competitors they have, the better price they'll have. That's what we need in Ontario.

Mr Gerretsen: Let me ask you this, then: why are you allowing Hydro One to buy up local municipal electric companies? Doesn't that go contrary to the notion of allowing competition when in effect Hydro One is buying up the municipal utilities?

Hon Mr Wilson: There are two separate issues. Now you're talking about Hydro One. It is a natural monopoly, so it doesn't matter whether Kingston owns it or Hydro One owns it. The rules are the same for everyone, and it's regulated by the Ontario Energy Board for the first time.

Mr Gerretsen: OK, so it's all right to have a monopoly in that area but not in the distribution, as far as you're concerned.

Hon Mr Wilson: It's a natural monopoly. Can I just explain, sir, in a friendly way?

Mr Gerretsen: Sure.

Hon Mr Wilson: We don't run six hydro lines across the field or in front of your house. It's like the telephone system. Bell owned the original lines but the federal government, in forcing competition in telecommunications, said, "You have to give access to those lines to AT&T or Sprint." By the way, telecommunications prices have fallen and all kinds of new services and programs have been put in place. We'd still be on the old dial black phone if it hadn't been for competition, because what incentive did Bell have to bring new phones to us, to bring "call waiting," which is technology, my department tells me, that was around in the 1940s? A lot of this stuff was wartime technology, or shortly after the war. Call forwarding, all those services—under the old monopoly, there was no incentive to bring those new services forward.

When you could buy a phone at Radio Shack, and we all lived through that, suddenly the old phone company smartened up. In fact, I've always stayed with my old phone company, and people can do that under electricity restructuring. You can stay with your local utility. We don't want people to get upset in any way. They don't have to do anything. They can stay. But we hope that competition, on the generation side, the natural competitive side—or what could be the natural competitive side in this industry—will drive prices down, even for those customers who stay with their current service provider.

I'll just say, in terms of Bell, I've always stayed with Bell because I don't have time, like I'm sure many parliamentarians and other busy people in the world, to respond to the marketers' calls. Bell calls me every once in a while and says, "I hope you'll stay with me. How do you like your service? Our competitor's at seven cents a minute; we're going to six." I think it's damn near zero cents a minute for a long-distance call, I've had so many calls.

So even the old monopoly—

Mr Gerretsen: We can learn about Bell some other day.

Hon Mr Wilson: So even the old monopoly has been forced, through competition, to provide greater services, a wider range of services, and lower competitive prices.

Mr Gerretsen: All right. What guarantees can you give that our power won't be sold to the highest bidder south of the border?

1750

Hon Mr Wilson: We've given a lot of thought to that question, because it's a good question and I think people naturally worry about that. I think they have to perhaps to a certain extent understand that there aren't a lot of electricity lines going into the US. There's a constraint there, the actual tie-lines. The amount of physical capacity you have to put electrons into the United States at the best of times exceeds no more than 20% of the installed capacity we have here in the province of Ontario. And the electrons have to go both ways, because we buy and sell from the US—

Mr Gerretsen: I realize all that. What guarantees are you building into this?

Hon Mr Wilson: This is part of the guarantee. Part of it is a physical guarantee. If you don't believe me, go look at the wires. The electrons have to go both ways, so that 20% isn't even always available because we're buying from and selling to the US. All governments did: yours did, the NDP did big time, and we do. There's a natural flow of power across the border as they need power and we need power. I can go into that a little further.

The other guarantee is in the actual legislation, the Energy Competition Act, 1998. We established a new regulator. Again, it's not deregulation; in some areas, like the wires business, there's more regulation than in the past. It's called the independent electricity market operator. It's headed by industry representatives, but the government also appoints five individuals to represent—

Mr Gerretsen: But there are no guarantees, other than the fiscal constraints of the wires—

Hon Mr Wilson: In the law itself, we've said that the regulator has to provide for domestic supply and has to look after the customers in Ontario.

The final guarantee is that we've lived under a system of the wires between us and the United States, the wires between us and Quebec, the wires between us and Manitoba for decades, and the lights have always stayed on in Ontario.

Division bells ringing.

Mr Gerretsen: How much more time do we have, Mr Chair?

The Vice-Chair: About 15 minutes.

Mr Gerretsen: Yes, but there's a bell ringing too.

The Vice-Chair: Yes, there's a 10-minute bell, and in five minutes we can leave.

Mr Gerretsen: OK. Well, let me just ask you, in a totally different area, about the innovation trust fund. You lauded that in your opening comments, that's it's a \$750-million dollar fund and \$400 million has so far been put into it. Are you prepared here today to answer

questions about how the money has been disbursed out of that fund?

Hon Mr Wilson: Sure, if you tell me what particular project—

Mr Gerretsen: Well, the question I have is, why weren't you prepared to do so in the House?

Hon Mr Wilson: When was that?

Mr Gerretsen: When you were asked that question some time ago—I believe it was in the last session—on the theory that this is an arm's-length body that has been set up and there really isn't a minister responsible for the innovation trust. I think even the auditor made comment on that in his latest report, the report he came out with last year.

Hon Mr Wilson: With all due respect, I don't—

Mr Gerretsen: So you are fully prepared to answer questions on how the money goes in and goes out of innovation trust. Is that correct?

Hon Mr Wilson: The way it's set up as a trust is that there's a board. Mike Gourley, the former Deputy Minister of Finance, is the chair of that board, and I think a person well respected by the people of Ontario. There are other citizens on that board, many coming from the research community and the business community, and under law they are accountable to the rules which establish the trust.

What the auditor said was that he would like to see, I think, a little more ministerial accountability there with the trust.

Mr Gerretsen: Exactly. So you're the minister responsible and you're prepared to answer questions about that.

Hon Mr Wilson: Yes. I do every time there's an announcement, by the way. We attend every announcement and we explain every announcement. In fact, I'm not only prepared to answer questions about the trust within its mandate, but the board I'm sure would be happy to appear before the estimates committee at any time and explain how they spend their money. Again—

Mr Gerretsen: Just so that you know where I'm coming from, I truly believe in a very accountable system and I believe that if public funds are being distributed,

either directly or indirectly through an agency or a board, there has to be some sort of government, and therefore ministerial, accountability. We're getting too far removed from that in a lot of cases, not only here but also federally.

I believe there should be accountability, and if I remember—I don't have the Hansard here in front of me, but I can remember asking this question in the House one day, and I was basically told, "No, we couldn't answer questions about that," because the board was sort of an independent, arm's-length board from government and therefore there was no ministerial accountability.

Hon Mr Wilson: I don't think I gave you that answer, but you may have gotten that answer from someone.

Mr Gerretsen: I'm very pleased to hear that.

Can I just ask a very technical question? It's on page 8. When we look at the total estimates for last year—and I realize we're in our last couple of minutes here—the estimate for your total ministry in operating and capital last year was \$744 million, and the actual expenditure was \$649 million. What accounts for the difference of \$95 million having been allocated but not been spent?

Hon Mr Wilson: The short answer would be that for programs like the Ontario research challenge fund, for example, we would have that money assigned to the ministry, but depending on who applies, how many rounds we're able to do that year—and again, depending on the volunteer board headed by Dr Cal Stiller—we may not be able, for example, to flow out all of the money that we've allocated that year during that year. I suspect that's the answer with all of the other types of programs we have. Again, I'm not driven by any quotas—

Mr Gerretsen: But \$95 million in a budget of \$750 million is a rather large amount.

The Vice-Chair: May I ask at this time, Mr Gerretsen, before we go on to this: we've got five more minutes. Let me adjourn now until Tuesday—I made it down to orders of the day—so we can go and have a vote.

We stand adjourned.

The committee adjourned at 1756.

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Mardi 30 octobre 2001

Standing committee on estimates

Ministry of Energy,
Science and Technology

Comité permanent des budgets des dépenses

Ministère de l'Énergie, des
Sciences et de la Technologie

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Tuesday 30 October 2001

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mardi 30 octobre 2001

*The committee met at 1544 in committee room 228.*MINISTRY OF ENERGY,
SCIENCE AND TECHNOLOGY

The Vice-Chair (Mr Alvin Curling): We will resume the estimates on the Ministry of Energy, Science and Technology. From the last time, there were 12 minutes remaining for the Liberals.

Mr Sean G. Conway (Renfrew-Nipissing-Pembroke): I'm pleased to be here today. I was doing very important work elsewhere last week, so I apologize for not being here, although I see my colleague Mr Gerretsen raised a number of issues with you, Minister, and your staff.

In the remaining time, in no particular order, I want to raise a couple of issues. Let me start with the best estimates of the Ontario government, both at finance and at energy. What do your officials and your forecasters tell you the likely impact on rates will be when the market opens next spring?

Hon Jim Wilson (Minister of Energy, Science and Technology): Certainly we think that prices will be better than they would be if we kept the old monopoly system with its \$38-billion debt. We are also doing everything we can, as you know, in terms of bringing costs down in the system. We've gone from 306 municipal electrical utilities to 91; 306 was 12 times more than the rest of Canada combined.

We've set up the new companies, particularly OPG, to run like a company and to start driving costs down. Because they will be the dominant generator in the early months, and perhaps the first few years, of the market, until such time as they complete the market power mitigation agreement and have no more than 35% of the market—by the way, we are well on our way in that process of freeing up space in the market for new generators. There is the market power mitigation agreement, which says that if prices are above 3.8 cents, which is approximately today's price of electricity, customers are to be rebated.

We know that in the early years of the market, while there may be spikes and highs and lows, we are doing everything we can to protect consumers and to make sure there's a good transition to the open market. In most jurisdictions in the world, some 40 jurisdictions that I'm aware of, prices have gone down in many cases or

they've certainly been better than the trend we're on. That trend, prior to Bob Rae starting to freeze prices in 1993, was a 60% increase in prices under your government and the beginning of the NDP government, from 1985 to 1995. No other commodity in this country went up by that much, and at the same time the debt tripled. So you tell me that was the way to go.

Mr Conway: Time doesn't permit me to recount that history, which I know only too well, some of which actually was deliberated in this very room with William Grenville Davis sitting in that very chair and doing an able job of explaining why the future wouldn't unfold the way some naysayers said it would.

One of the things I know about government is that they've got lots of good people—smart people with names like Purchase and others, who are well educated—at finance and other departments in government who have these very good models. They can forecast pretty well. My question, Minister—and I appreciated that effort to emulate my friend Bradley—was very simple. What do your forecasters tell you they expect the impact on price to be when the Ontario electricity market opens six months from now?

Hon Mr Wilson: To repeat, we think it will be better than the trend line we've seen in the past for energy prices. In California, you don't hear much about it, because they've suddenly gone from having only three utilities, three main power generators and distributors—finally, when they realized they didn't have an open market, in recent months they've had four new generators built. You don't hear the stories any more because prices have come down significantly in that jurisdiction as a result of competition. That's been the experience. But you have to have true competition. You can't be half pregnant. You have to plan ahead, which is what we are doing. If we are to have—

Mr Conway: The price, Minister; forecast the price. If the answer is that you don't know, that's fair ball.

Hon Mr Wilson: The fact of the matter is, it is a moot question in that you're dealing with a market. Do you know the price of any other commodity tomorrow? This will be a commodity.

Mr Conway: Jim, I'm not being difficult. I remember—I won't even hold you to what you said three years ago. I'm being very generous here today. You made some pretty declaratory statements around what would happen when the market opened.

Hon Mr Wilson: Sean, if we're going to go on that basis, the fact is, we wouldn't be doing this if we didn't think it was good for jobs and the economy.

Mr Conway: I don't doubt that. I don't doubt that you believe that absolutely. My only question is simply this: the Minister of Finance next Tuesday is going to make an economic statement. He's going to forecast, as best he can, the next six to 12 months on the basis of his brain trust. I know some of your brain trust. I'm looking at it and it is pretty impressive. These are smart people. I know they will have said, "Minister, this is what you can expect." If you care not to answer that, I can understand why you wouldn't want to.

1550

Hon Mr Wilson: I guess where we've had to put a price out would be in something like the Bruce deal so you can know the value of the deal, and there's a range in there between about 4 and 5 cents, about where today's prices are.

Mr Conway: If I'm a residential customer in Collingwood or in Pembroke—

Hon Mr Wilson: But I can't give you a definitive answer. That would be my guess at best, or anyone's guess at best. I certainly can tell you one thing for certain, that the best guarantee of the lowest possible prices is competition, not the old monopoly system. Worldwide, they're recognizing that. We are just now moving forward like that in the province of Ontario.

Mr Conway: You make that point about monopoly, and I understand your concern about monopoly. I think back to some of the advice you got, the core advice of the Macdonald report, now four or five years ago. One of the things the Macdonald people said—and they couldn't have been clearer—was, "Government, Legislature, do not expand the mandate of Ontario Hydro Retail." We set up a legislative framework to allow what is now going on, a very substantial re-monopolization of the retail sector. It is as though we gave the Macdonald commission the middle-finger salute. You keep talking about monopoly. I'm just a regular person and I think, well, if they're so opposed to monopoly—and I can understand that—what on earth are you doing allowing Ontario Hydro Retail going out—I mean, they've spent \$260 million they don't have to buy Brampton Hydro. For what provincial public policy purpose? We are the shareholder.

Hon Mr Wilson: Can I just answer that?

Mr Conway: Particularly around the monopoly question.

Hon Mr Wilson: We've not allowed them to buy any new retail.

Mr Conway: Oh, so I'm dreaming.

Hon Mr Wilson: In a free market, they'll have to earn their retail customers. These are the monopoly wires business. It wouldn't matter whether Hydro One owned it or someone else owned it. In my area, Barrie bought the local utilities. It is a natural monopoly. For the first time, its rate is set by the Ontario Energy Board, which is there

to protect the customers and do what's right for the system.

Mr Conway: Are you denying that part of the Macdonald report which said, "Do not allow Ontario Hydro Retail to expand"?

Hon Mr Wilson: We did not allow Ontario Hydro Retail to expand.

Mr Conway: Yes, you did.

Hon Mr Wilson: Retail is a competitive process.

Mr Conway: Jim, the ruddy Bill 35—and you will remember this debate. I understand, I think, the argument that says you want to have a competitive marketplace. For me, the primary focus has to be on generation, not the rest of this stuff. I just look at the clippings that I see from across the province. People are stunned. I see up in Whitchurch-Stouffville a recent report, but there are about 85 or 90 of them. The rules in Bill 35 were gamed to favour the provincially owned company Hydro One.

Hydro One, as you would fully expect, took maximum advantage of that. They have been out buying up utilities large and small. There are people like Professor Kushner down at Brock University saying they're not only buying them but paying about a 30% or 35% premium to do so. There are service issues popping up all over the place. By the way, this is at the retail end that the consumer is going to understand. The question is, I look back and say to myself, if you're so anti-monopoly and you're worried about the customer, how is it that we ended up with a situation where in the early days we seemed to be struggling to get true competition in generation, but, boy, we've got a galloping horse called Hydro One out there buying them up with all the advantages we gave them in the legislation?

Hon Mr Wilson: With all due respect, retail is a competitive business. That's why there are new retailers out there today. We've actually opened that up. I don't want to correct you—you're kind of the dean of the Legislature—but retail is the competitive business. The wire business is a natural monopoly. We don't run six wires across the field. It is like Bell owns the wires and AT&T and Sprint are allowed, through federal competition rules that were brought in—

Mr Conway: I understand that.

Hon Mr Wilson: OK. We have not expanded retail.

Mr Conway: But I do remember Macdonald being very clear and declaratory on that point. And not only do we game the rules of Bill 35 to allow it to happen, but let me tell you, it is happening.

Hon Mr Wilson: It is not happening.

Mr Conway: I talked just recently to a number of independent contractors. They're telling me—and I think I've written you on this; if I haven't, there's a letter—"Boy, that's some marketplace." Hydro One out there is doing exactly what I would expect it to be doing. They've got themselves a protected market that they are apparently being very protective about. That so-called competitive market that you talk about—according to small, independent electrical contractors, they're getting the Hydro One elbow in the face every time they turn

around. They are in the field; I'm not. Maybe all the mail is misleading as well.

Hon Mr Wilson: There's no greater champion of competition than I. I'm trying to get them out of the forestry business where they're in local competition. I'm trying to get them out of all of those businesses that they shouldn't have been in in the first place. But it is a natural monopoly wires business, no matter whether company ABC owns it or Hydro One owns it on behalf of the people of Ontario at this point. For the first time, the rate you can charge for the wires is regulated by the Ontario Energy Board. We're blind ownership on wires. What you're referring to is people not yet understanding that in a competitive market, you separate your retail customers—

Mr Conway: I know all that.

Hon Mr Wilson: They go into Hydro One retail and it's competitive. They are going to have to earn those customers—

Mr Conway: I understand that.

Hon Mr Wilson: —and Hydro One distribution, or wires, which runs the wires. They're different companies.

The Vice-Chair: Mr Minister, I'm enjoying this, but Mr Hampton has 30 minutes for his time now.

Mr Howard Hampton (Kenora-Rainy River): I have a couple of questions. Either before, during or after Ontario Power Generation leased the Bruce nuclear generating station to British Energy, did your ministry do any financial evaluations of the deal?

Hon Mr Wilson: Yes, as did the Ministry of Finance.

Mr Hampton: Would you be prepared to table those evaluations?

Hon Mr Wilson: All of those evaluations—the people who wrote them—were available the day that we made the announcement. No one, including your party, has ever called.

Mr Hampton: Would you table them now?

Hon Mr Wilson: We can give you the information we've already made public, absolutely. Plus, I've offered that the people who actually did it, CIBC World Markets and Salomon Smith Barney—their analysts were available and continue to be available to answer questions. No one has called them. They are very proud of their financial analysis.

Mr Hampton: I just want to be clear. I'm asking you for a commitment that you will table with this committee immediately any studies done by your ministry, any studies done by the Ministry of Finance or any financial evaluations commissioned by the government regarding the lease of the Bruce nuclear generating station to British Energy, that you will table those—all of them.

Hon Mr Wilson: All of that information, in great detail, with nothing blacked out, has been sent to the Provincial Auditor. I would be happy to discuss what isn't commercially sensitive information, because it's a competitive market we're setting up, and be guided by his judgment. But at the request of your party, he's looking at it. I'm happy to have him look at it. I expect he'll come to the same conclusion as the many financial

advisers and the Ministry of Finance came to, that after a worldwide search it was a very good deal.

Mr Hampton: It's a simple question: will you table them?

Hon Mr Wilson: An officer of this Legislature has them all, and I will table everything that I can table, but I'm not giving you or anyone else, Howie, an unfair advantage in the new market by giving you the commercially sensitive data. But you're free to discuss that with the auditor.

Mr Hampton: For the record, I'm asking the minister and the ministry to table any and all studies done by the Ministry of Energy, by the Ministry of Finance or commissioned by them of the lease of the Bruce nuclear generating station to British Energy. I'm asking the ministry to comply.

I wonder if you could tell me, Minister, what processes you've gone through since September 11 in re-evaluating your plan to open the electricity market by next May.

Hon Mr Wilson: What do you mean?

Mr Hampton: A pretty significant event happened on September 11. Your government refers to it all the time. Since September 11, have you, in view of the events of September 11, re-evaluated your plan to open the electricity market by next May?

Hon Mr Wilson: Why would I? We're constantly working on implementing it. No, there has not been a major change of policy as a result of September 11. In fact, if you're talking about security, one thing I can tell you—and the PWU has told you beginning back when they had their press conference in October 1997—is that when the public service ran this thing we didn't run those plants very well. When I came in four years ago, I had to shut down 10 of 20 reactors. Why? Because the maintenance wasn't being done. Some of the highest-paid workers in Ontario were not maintaining our plants well.

Mr Hampton, if you have a couple of billion dollars of your own money in a plant, ie, you're a private sector owner, and you've got shareholders to worry about by the thousands or millions, you're going to make sure you live up to all the safety standards, maintenance and security, because that's \$2 billion you might just lose.

Mr Hampton: It was a simple question, Jim.

1600

Hon Mr Wilson: When it goes to the public purse, obviously what they do is just go and borrow more money. There is no accountability or responsibility. Some \$38 billion worth of debt and 10 reactors of 20 down, that's the proud public service record that you're trying to defend. Even the unions, both of the major unions out there, don't buy it. They say, "We can do a better job," and they've bought part of the Bruce deal, 5% of it, because they want to do a better job and they want to be paid on a performance basis to do a better job.

Mr Hampton: You've said that you will soon give a definite date for market opening. When will you give that date?

Hon Mr Wilson: We've also said that we'll be guided by—in fact, we've always said this. We never did set a date in November of last year. That was set by the media. It was a target date that was originally given out by one of the regulators and it became the gospel. So I'm not giving out any more dates until such time—and we've always said this from day one—the regulators say that the market's ready. They are in various stages of testing right now. The whole program has been transparent. The milestones and the dates are on the Web sites of both the IMO and the OEB.

You'll find that the next major report—all municipalities or local distribution companies have to self-certify and put in affidavits that they are self-certified by December 14, to tell us they're ready. That's a major milestone for the local companies. The OEB and IMO—particularly the OEB in this case, for retail—have a major report coming in in December. Mr Laughren has asked that they have the Christmas holidays to review that report, and he should be prepared to give me his advice as to the market readiness. The IMO will be ready at the same time to give advice as to the wholesale market, in early January, and I hope to be able to set a date for market opening soon after that.

Mr Hampton: Is there any chance that the date will be after May of next year, after May 2002?

Hon Mr Wilson: On the best advice of both regulators, we set that date. I hope we were prudent. We certainly think, unless they find some major glitch in testing, there will be nothing on the government side that should prevent us from announcing the date. We passed our law three years ago. It's up to the regulators, and in many cases the municipal operatives, the local distribution companies, to also be ready. We're certainly encouraging everyone to keep up the good work, keep working hard and make it. We've done our very best to say that we think all of the conditions for market readiness will be in place by May.

Mr Hampton: Do you support the Premier's statements and position to build more nuclear stations in Ontario?

Hon Mr Wilson: I think the point the Premier was trying to make was that we're a jobs-and-economy government, and if there are jobs to be had on this side of the border, rather than importing electricity from the United States, which we do from time to time, we should have those jobs and head offices here. We should try and build big companies in Ontario that export commodities. I think that's what he was trying to say. The feasibility of a nuclear plant at this point—I don't think the financial case is there.

Hopefully we won't ever get in a situation again where the planning wasn't done and you suddenly have to build these big mega-projects to produce enough power. With a competitive market, power plants will be built. They're already starting to be built and over \$3 billion is in the planning stage. TransAlta, down in Sarnia, would be a good example, where the building is being built and the transformers have been delivered on

site. It's a \$400-million project in anticipation of an open market, but also responding to market forces.

I hope the days of monopoly multi-billion dollar mega-boondoggles are over and we actually free things up to let those people on the outside of government do what they do best, and that's respond to customers and put the services in place.

Mr Hampton: The question I want to ask you is on this particular issue. Do the events of September 11 and the obvious fact that there is no way to defend a nuclear generating station against a large passenger jet change your calculations or your positions in any way?

Hon Mr Wilson: What calculations?

Mr Hampton: Well, the Premier said he would like to see several new nuclear generating stations built in Ontario.

Hon Mr Wilson: You'll have to ask the Premier, as you are free to do every day during question period, and not me what he said. The fact of the matter is, I know what his intent was, and that was, we don't want any more multi-billion dollar boondoggles. But if there's a demand for electricity and we can have those jobs here—I mean, look at Manitoba and British Columbia. Look at Quebec. Quebec's great pride and joy is Hydro-Québec—better managed than we were, billions of dollars in exports, all geared up with the pride French Canadians have to boldly go into the United States and be a big part of their market. Why would we not want those jobs here in Ontario when we used to be the largest generator in North America? We've slipped so badly over the years under the monopoly system. Manitoba can't wait to build more lines into Ontario to sell us hydroelectricity. BC, with the demand in California, has done terrifically well, and we all know that story.

Why we would shy away from doing what our sister provinces of different political stripes and all ideologies are doing is beyond me. If there's a market there and we can provide clean, reliable electricity that people will need, then we should be in the business, is what the Premier was trying to say.

Mr Hampton: I have a report written by TD Securities in April of this year. It's a report to investors by David McCracken and Patrick Kim. Are you familiar with the report?

Hon Mr Wilson: I have seen it. I may have to ask my assistant deputy minister—

Mr Hampton: On page 4, they say, "We have also included primary reports on Ontario Power Generation and Hydro One," and, "The privatization of both companies is expected to occur within the next 12 to 48 months." My question is, can you state categorically that they are wrong and that Ontario Power Generation as a company will not be privatized over the next 48 months?

Hon Mr Wilson: No, the exact opposite. It will be privatized to a great extent. We've already done the largest privatization in Canadian history. That's the Bruce nuclear plant.

Mr Hampton: I'm talking about the company itself. I'm not talking about leasing assets or selling assets; I'm talking about the company itself.

Hon Mr Wilson: It's no secret the Market Design Committee, working with people like the Competition Bureau in Ottawa, said you can't have a free market in generation with the best possible prices if you continue to have a dominant generator. The market power mitigation agreement which was put together, not by the government but—

Mr Hampton: So you plan to sell Ontario Power Generation as a corporate entity?

Hon Mr Wilson: You know that it must have no more than 35% of the market within—

Mr Hampton: That's not the question.

Hon Mr Wilson: That is the question.

Mr Hampton: No, no. Look, regardless of how much power-generating capacity it now owns or how much generating capacity it will own a year from now, are you categorically prepared to say that the corporate entity, Ontario Power Generation, will not be sold, will not be privatized in the next 48 months?

Hon Mr Wilson: We've made very clear what our plans are, and that is, as it moves out of the domestic market and frees up space for new generators to come in so we can actually have some competition and check our prices rather than the old system of no checks and balances—God knows how they set prices; I don't. If you read their annual report, Ontario Power Generation doesn't intend to wither on the vine. They intend to be an aggressive player in the United States. That may mean buying plants in the States or leasing plants in the States, and we intend to have the head office here. The plans are to keep OPG as a strong, vibrant provincially owned company.

Mr Hampton: So you're categorically saying that OPG will not be sold, will not be privatized as a corporate entity in the next 48 months?

Hon Mr Wilson: What I'm saying is, there are two things going on. A large chunk of OPG has to be privatized, yes, but unlike the Macdonald report, we're going to keep back a core—and I've talked to Mr Macdonald many, many times about it—to try and develop a good international energy company that is publicly owned.

Mr Hampton: Can you state categorically that Hydro One will not be privatized, will not be sold off over the next 48 months?

Hon Mr Wilson: No, I can't. In fact, in February or so—earlier this year anyway—there was a joint announcement between SuperBuild and our ministry that we've asked our financial advisors to look at all options for that company, whatever's the best deal for the people of Ontario. That may mean status quo, but given Mr Conway's views—

Mr Conway: We both know the game that's going on here.

Hon Mr Wilson: It's not a game.

Mr Conway: Of course it is.

Hon Mr Wilson: It's a rather serious business, actually.

Mr Conway: Whack him, Howie. You got him here. You sound like you've bought up most of the market.

Hon Mr Wilson: That's not—

Mr Hampton: So you would be prepared to sell off what you yourself call a natural monopoly?

Mr Conway: Of course that's the game.

Hon Mr Wilson: Yes, we would be prepared. It will still be a natural monopoly. Whether we own it or someone else owns it doesn't change the fact that retail is separate from the monopoly wires business.

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Mr Hampton: On the same page, the report says about Ontario Power Generation, "Its status as a low-cost producer would make it an attractive investment into competitive high-growth initiatives." I'm going to ask you, will you rule out selling OPG as a way of raising revenue to keep your budget balanced?

Hon Mr Wilson: No. Under the 1998 Energy Competition Act, the proceeds go to paying down the \$38-billion debt you guys left us. The treasury no longer is allowed to have those revenues because we have to pay down the debt.

Mr Hampton: Jim, look, let's be clear.

Hon Mr Wilson: You didn't do anything in your five years.

Mr Hampton: It was Conservative governments in the 1970s and 1980s that built billion-dollar nuclear plants. Don't insult people by trying to rewrite history, for God's sake.

Hon Mr Wilson: Howie, I can point to the debt going up significantly in the 10 years we weren't in office.

Mr Hampton: After you planned the building of Darlington and it cost \$15 billion—

Hon Mr Wilson: Doubled.

Mr Hampton: —no wonder the debt went up, Jim. Don't try to rewrite history. Don't insult people, for God's sake.

Hon Mr Wilson: The fact of the matter is, you had an opportunity to do something about the trend line that was there, and I give Bob Rae—

Mr Hampton: What? Cancel it when it's three quarters done?

Hon Mr Wilson: I give Bob Rae credit for one thing: he finally realized that not everyone's going to be a rocket scientist and be able to participate in the high-tech economy, that we needed to get back to those traditional manufacturing jobs.

Roberts and Davis, one thing they did have, as a carrot to attract things like the Auto Pact here, were relatively low energy prices. We've gone from the best energy prices in the 1960s, 1970s and early 1980s, to the highest in Canada and among the highest, depending on the day, in North America.

The fact of the matter is, I give one credit to you then, Howie—not to insult you—but Bob finally figured out he'd lost so many jobs in this province, one thing he could do was freeze energy prices. He asked the Ontario Hydro board at the time to voluntarily do that and they did that. That's one thing we continued when we came in 1995.

Mr Hampton: This report also says, on page 7, "The North American reserve margin has shrunk from 30% in the early 1980s to 10% currently." This is the reserve margin of power generation. They see this as an opportunity for those who wish to buy utilities; in other words because the reserve margin is now so narrow, someone buying a utility stands to make a substantial amount of money. Do you agree?

Hon Mr Wilson: Certainly it's a problem that states should have responded to earlier, but again in many of these areas there wasn't any competition, the state ran it. California would be—because it's 30 million people, almost the size of Canada. When you don't build any plants for 13 years, you're going to cut into your reserve margin. When you have Silicon Valley move in, and millions of people, and you don't build one new generator, you're going to have a problem. As you probably know, they've finally seen the light. They're introducing competition, as best they can, and there's significant new capacity coming on-line, 41,000 megawatts. When you consider that our entire yearly installed capacity is 25,000, they're—

Mr Hampton: Since you've announced it, let me just ask you this: you're saying the margin will be adequate now, that the margin will go back up to 30%?

Hon Mr Wilson: Their regulators are the same as ours now. We didn't have a regulator in the past but were sort of self-regulating. Our regulator requires about a 15% margin, and we try and stay in that area. It's OPG's job to stay in that area. I think only during the heat wave this summer did we maybe get pretty close to that margin. The IMO will continue to require—what do you call it?

Interjection: NERC.

Hon Mr Wilson: NERC has also said—

Mr Hampton: Who's NERC?

Hon Mr Wilson: That's the regulator in the United States. The North American Electric Reliability Council said near-term electricity generating capacity is expected to be satisfactory in North America for the next 10 years, given the capacity that's coming on-line.

Mr Hampton: So you disagree with this report from TD Securities?

Hon Mr Wilson: I think they took a snapshot, a Kodak moment. That might have been the truth at the time they were doing that analysis. Since then, a lot has changed. Every day in the newspaper there's something happening in the energy field, more so than ever in the history of North America. With the mergers and now with new plant being built—even in the United States, if may just say, there's 6,000 megawatts of new capacity being built on the other side of our border. We're lucky right now that when we have it we're able to sell it in the United States. It's going to be tougher in the future because they're building more plant.

Mr Hampton: Correct me if I'm wrong. What I heard the President and the Vice-President of the United States say, and I believe the ambassador, Mr Celucci, said it as recently as today, is that they're interested in purchasing

all the electricity they can get because, if I can quote Vice-President Cheney, "There seems to be a shortage of electricity," and they anticipate a shortage. I take it you're now contradicting those statements?

Hon Mr Wilson: In the Pennsylvania area alone—one of our competitors in New York is building—total net capacity additions underway now, I guess, or planned, 18,687 megawatts; New England, 11,467; New York, 14,762. Add those up and that's just about twice the amount of power we have available in Ontario. I'm telling you, maybe they're worried about OPG. They all read these plans and they're building their own capacity now and will certainly be less reliant on the inter-ties. For the record, no government sold more power to the United States than your government in the five years.

Mr Hampton: So you're basically saying prices will go down?

Hon Mr Wilson: We're saying it's going to be the best possible price. This is competition. It's our forecast, the best we could come up with. This is in the four- to five-cent range. This is the staffer that went in everybody's utility bill recently. We're being as honest and forthright with the people of Ontario as possible. This is a business where a hundredth of a cent counts, so it's hard to be bang on. It's going to be a free market.

Perhaps I should have said to Mr Conway that if you look at what marketers are offering at the door today, it's within the range of where people think prices are going to be. It's not significantly higher than today. I think Direct Energy's done nine million visits alone and calls to people, driving some people crazy, I know, but obviously they think they can sell power at that price and that's probably about where the range is going to be. It might be a little higher or lower. I hope it's lower.

Mr Hampton: I just want to be clear. TD Securities, these authors, are very clear and their logic is clear. They say the margins in terms of the amount of power that is generated are very narrow. They say if you look at the expanding need in the United States, it's going to remain narrow for some time. On that basis, they suggest to their corporate clients that they purchase power-generating capacity because they say this all points to prices increasing. You're in fact saying that that report is wrong, that prices are actually going to go down?

Hon Mr Wilson: You're mixing up margins and prices. Availability of supply has a lot to do with the price. I'm just telling you, they've responded to those price signals and they're building new plant. There's quite a bit of plant being built. Maybe they all read TD's report and that's why they're building the plant. All I can tell you is, at that moment in time it was true. It was certainly true in California: not enough supply. You don't need a margin available there.

Mr Hampton: Since you're convinced that prices are going to go up, I wonder if you could tell us—we understand that this summer Ontario Power Generation had to purchase power from the United States on the spot market; you know, those very hot days when everyone was turning on their air conditioners. Can you tell us

what the price was on the spot market, what Ontario Power Generation was paying on those days?

Hon Mr Wilson: I can tell you the price coming out of Quebec was about \$1,000, and it was several times higher than spot market. If we could have bought more on the spot market to supply the power here, we would have. The free market provided cheaper power than we could get it from either of our sister provinces, because there's no market. They just set the price and it's a "take it or leave it" system with them: "If you want power, here's the price." At least in the United States there was competition and we could shop around and try and get the best possible deal for the people of Ontario in almost an emergency situation in terms of the fact that this had never happened before in the province.

Mr Hampton: I just want to be clear. It's your view that the power that OPG purchased from the United States this summer on the spot market was a good deal for consumers.

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Hon Mr Wilson: I'm just saying it was better than what was available in the Canadian domestic market. That's a fact. And at least we have some choice. I wish we had more choice, and if they keep building generation, we will, should we ever find ourselves in that unusual situation.

For the most part, power goes back and forth. Long before I was minister—I don't know how many years—they've been trading power, as long as there's been electricity interconnects across the borders. It used to be quite common that in the wintertime we would need a bit more power, so from time to time it was bought in the United States, which is not a bad thing. If it saves you building a huge, multi-billion-dollar boondoggle of a plant, it's probably cheaper and a better deal to buy it from a competitive system a few miles away. And we sell power—

Mr Hampton: I just want to be clear. You think it would be advantageous to be hooked into that power network in the US New England states, so we're talking about Massachusetts, New York, Pennsylvania, New Jersey. You actually think it would be beneficial for Ontario consumers of electricity to be clearly hooked into that market. That would be, in part, your definition of an open market.

Hon Mr Wilson: We are already. It's a fact of life. We help them out and sell them power when they need it, and as I was going to say, that was traditionally in the summertime. Actually, until New York started building recently, we used to take pride that we were providing power for the peak times—lunch and dinnertime—for the last several years in New York, almost on a daily basis.

There's 4,000 megawatts of power line between us and the States. Floyd's actually asked them to increase it to 6,000 so we have a free flow. I think we'll have very competent energy companies in Ontario that will compete with the best in the world and we'll sell power to the states in a sensible way.

I can tell you the only other options were to put the taxpayers further in debt. British Energy alone is spending over \$400 million of their own money to bring two of the four laid-up reactors back. Where were we going to get the \$400 million, when we were technically—well, not technically bankrupt. We were bankrupt. The assets of these companies aren't worth \$38 billion. The debt was greater than the assets.

Mr Hampton: Others disagree with you, but we'll leave that.

Hon Mr Wilson: Of course you do: you had \$11.8-billion deficits when you were in office.

Mr Hampton: I ask you this: will you table all the studies the government has done in regard to the impact of international trade agreements on Ontario's electricity system in the context of industry deregulation and an open electricity market?

Hon Mr Wilson: We've lived under NAFTA for I don't know how many years now, five years now, and there's never been a problem.

Mr Hampton: I'm asking you, have you done any studies?

Hon Mr Wilson: We don't have a study; there's no problem. There isn't a problem. Maybe the federal government did when they were writing NAFTA, other people. I've not commissioned a study, and I've been the minister for four years. There's never been a need to commission a study.

Mr Hampton: Have you done a study of the IMO rules that purport to require generators to ensure security of supply in Ontario? And if you have done any such studies, can you table those studies?

Hon Mr Wilson: The law itself would be all you need. It says that they have to look after the people of Ontario. It's very clear; in the Energy Competition Act, we established it. By the way, we've been running under NAFTA for years. Nobody lets the lights go out in their jurisdiction and favours another jurisdiction. You wouldn't be in government any more than about an hour. Common sense dictates that you supply your domestic customers first. Not only is there no incentive to let the lights go dim in Ontario—

Mr Hampton: I'm not interested in your definition of common sense. I'm interested in the law. I want to know if you've done the responsible thing and you've done any studies.

The Vice-Chair: You've got two minutes

Mr Hampton: Have you done any studies of how the NAFTA agreement would affect Ontario's hydro-electricity system in the context of an open market? Have you or haven't you? And if you have, will you table the studies?

Hon Mr Wilson: The law more than covers us, we feel. We've been running under NAFTA for many years, the open market. If anything, you won't have Ontario Hydro doing backroom deals with people whom you don't even know they're dealing with. It's an open process. The regulator is made up of the people of Ontario, not the government; it's arm's-length from government.

Mr Hampton: I'm asking you about NAFTA. Have you done any studies of how NAFTA would affect—

Hon Mr Wilson: No.

Mr Hampton:—Ontario sales of electricity in an open electricity market? Have you?

Hon Mr Wilson: It's a moot point.

Mr Hampton: So you haven't done any studies?

Hon Mr Wilson: I'm not studying something when there isn't a problem.

Mr Hampton: Well, if you haven't done the studies and you think you know what the law is, tell us, please, what would be the impact of NAFTA upon Ontario's hydroelectricity system and the sales in an open market? Tell us definitively.

Hon Mr Wilson: Well, you tell me one thing in NAFTA—and I'm extremely familiar with the agreement because I was an assistant in Ottawa when free trade was originally done—that compels us to sell electricity to someone we don't want to sell power to. You just tell me the opposite argument for why I should go spend millions of dollars on something that doesn't exist; only in your mind, Howie, and a few critics'. It doesn't exist. There's nothing to compel you to sell to someone you don't want to sell to.

Mr Hampton: So in your view, chapter XI of NAFTA is not a concern.

Hon Mr Wilson: No, it is not.

The Vice-Chair: Your 30 minutes is up. The minister has 30 minutes; he could maybe take some of his time if he wants to respond to the member of the third party. You have 30 more minutes, Minister. You can use it to either do your wrap-up or you can share it with your colleagues over there.

Hon Mr Wilson: I think, with the indulgence of my colleagues and the great generosity and spirit of collegiality, we're going to suffer through another few minutes of the other half of my speech. The first half was rather riveting, and I wouldn't want to miss the second half, Mr Chairman. I'll continue with my remarks, if that's OK.

The Vice-Chair: So you will take questions?

Hon Mr Wilson: I think during our round. I'm going to finish my statement.

Mr Norm Miller (Parry Sound-Muskoka): Mr Chairman, we'd like the minister to continue with his speech, which he wasn't able to deliver in its entirety the other day. We'd like him to enlighten us with the rest of his speech.

The Vice-Chair: That's fine with me.

Hon Mr Wilson: When I last left my remarks, I had just finished the section dealing with the initiatives we have on the science and technology side of the ministry. Now I'd like to tell you a little about our activities as they relate to the energy sector.

As you are aware, the government has announced that Ontario's electricity market will open to competition by May 2002. The government will continue to push for the earliest possible date for opening, contingent on meeting the key principles we have set out for market opening.

These market opening principles, which I'll review shortly, fulfill the ministry's and the government's mandate, as outlined in its statement of environment values, to ensure that Ontarians have access to safe, reliable and environmentally sustainable energy supplies at competitive prices.

Before I get into any specifics, however, I think it's worthwhile to go over the reasons why Ontario decided to move away from the old monopoly system.

When our government was elected in 1995, we promised to put Ontario's taxpayers first and allow market forces to work to the benefit of taxpayers and consumers. We were committed to working on the pressing problems we had inherited, and among them was our electricity sector. Put simply, the old Ontario Hydro monopoly had become out-of-date, inefficient and just too expensive for Ontario's 4.1 million electricity customers.

While for almost a century Ontario Hydro had played a key role in the province's economic development by generating the electricity that local utilities provided to their communities, things clearly had to change. Ontario's electricity sector was no longer doing the job it should have been.

In the 1980s and early 1990s, we went from having one of the lowest prices for electricity to the third-highest prices in Canada. In doing so, the former Ontario Hydro also ran up a debt and other liabilities of some \$38 billion. Clearly, something had to be done. We had no other choice but to fix the problems of the past and to safeguard our future electricity supply, and we are confident that competition will accomplish these goals.

The government has worked hard to strengthen Ontario's competitive fundamentals through tax cuts and pro-taxpayer, job-creating policies. As a result, we've emerged as one of the most competitive jurisdictions for business investment and job creation in North America. We intend to maintain and further strengthen Ontario's competitiveness through electricity restructuring.

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Energy prices, including electricity prices, are under upward pressure globally. Ontario cannot isolate itself from this trend. A competitive electricity market will ensure that the supply to all users remains safe and reliable, that prices remain competitive and become more competitive, and that consumers get the best deal possible.

As Premier Mike Harris and I announced earlier this year, Ontario's plan for market opening is based on four key principles: (1) protecting consumers and offering more choice; (2) ensuring a strong business climate with a reliable supply; (3) protecting our environment; and (4) encouraging new ways of doing business and supporting the search for alternative sources of power.

Once again, we plan to have all the necessary conditions in place to open our \$10-billion-a-year electricity market to competition by May 2002.

The Ontario Energy Board and the independent electricity market operator, or IMO, are coordinating the steps toward market readiness. As I said to Mr Hampton

a little earlier, I'll be receiving recommendations in the next few months on the progress being made by market participants.

The OEB is licensing market participants, that is, electricity retailers and marketers, and approximately 50 licences have been issued so far, with about two dozen pending, so it looks like we're going to have a robust, competitive retail sector. The OEB has also established milestone dates that the local distribution companies, or LDCs, are responsible for achieving to ensure market readiness. The OEB has been given authority to levy penalties against local distribution companies who do not meet these milestone dates.

For the LDCs, market readiness means that each company is able to calculate settlement costs, produce unbundled bills, provide standard service supply, change suppliers and accommodate retail transactions.

The local distribution companies are required to test all necessary functions and, as I said before, file a self-certification document with the OEB by December 14 of this year certifying their readiness. The Ontario Energy Board and the Independent Electricity Market Operator will advise me on an ongoing basis during that interim period on the readiness of market participants. The government will decide on a market opening date based on that information and achievement of the four market opening principles that I just outlined.

Our overall goal for a competitive market is a simple one. Again, it is to ensure that Ontario's electricity customers, whether they're residential, commercial or industrial, enjoy a safe and reliable supply of power at the lowest possible prices.

We've taken great care to ensure that our market functions successfully upon opening. That's why we've been watching the restructuring of the electricity sector in other jurisdictions with great interest. Despite some of the problems that some jurisdictions have had, I'm still encouraged by the many success stories that are out there, because, when done right, customers benefit through better service and the best possible prices. We intend to do it right in Ontario.

It's unfortunate that most of the media attention has focused only on the problems that jurisdictions such as California have been experiencing. But I want to tell you that Ontario is not California. We've made that clear, by the way, as often as possible, and so have a lot of the people in the electricity sector in Ontario in trying to educate the public that we are not California. A comparison with California is a stretch, to say the least.

In restructuring Ontario's electricity market, we've been careful to ensure that we won't experience skyrocketing prices or rolling blackouts. One of our key principles is to protect customers, and a key policy issue we faced is how to deal with potential price spikes during the transition to a competitive market. Our made-in-Ontario response is the market power mitigation agreement with Ontario Power Generation. That agreement is a mechanism to protect consumers by preventing Ontario Power Generation from using its market power to

increase prices above competitive levels. It reduces the company's ability to financially benefit if the wholesale price of electricity goes above 3.8 cents per kilowatt-hour.

Right now, Ontario Power Generation is the single largest electricity generator in the province, producing about 75% of our electricity. As part of the market power mitigation agreement, again, we are requiring that the company reduce its market share to 35% within 10 years of market opening.

And Ontario Power Generation has been making progress toward that target. The company has a leasing agreement with Bruce Power for one of our nuclear facilities, the Bruce nuclear plant. This has effectively decontrolled more than 3,000 megawatts of current operating nuclear capacity. Actually, that's not quite right; it's closer to 2,000, I think. For its part, Bruce Power has announced its plans to restart an additional 1,500 megawatts of laid-up nuclear capacity at Bruce, spending between \$300 million and \$600 million of its investors' dollars in the process, not once again hosing the taxpayers of Ontario and saddling us with the debts. Oh, 3,000 is the right figure for Bruce Power.

Ontario Power Generation has also announced plans to decontrol more than 4,000 megawatts of fossil and hydroelectric capacity, as it is required to do, within 42 months of market opening, and it is actively seeking investor interest. In fact, if you include the inter-ties—correct me if I'm wrong, gang—the non-utility generators, the NUGs, and the plants we have on the market now, of which the final tenders for this round are mid-November, we will have “decontrolled,” the industry word, but put in other people's hands, either through lease or sale, about 38% of the installed capacity of OPG. So we're well on our way to freeing up room in the market for new generators to come in and provide some competition.

In short, the groundwork has been done to ensure that there is a competitive market, and private investors are responding. So far, \$3.6 billion in new generation projects have been announced, with some projects already underway, such as TransAlta's new 440-megawatt facility in Sarnia. The new projects which have been announced speak volumes about Ontario's electricity future. They represent a strong vote of confidence in our new electricity market. And new generation projects will allow us to meet any increased demand for electricity without forcing taxpayers to take on the risks that the private sector is willing to accept.

But even without new generation projects, Ontario's supply forecast is favourable. We can't just rely on growth to have a competitive market. We have to shrink OPG on this side of the border and expand it elsewhere and make room for new generators. I think that's pretty clear.

Talking about our forecast of supply, there was a report issued by the Independent Electricity Market Operator on October 5 that shows that Ontario's electricity supply situation is more than adequate to meet our

current electricity needs. I would add to that that if you don't want to become a California—and the supply forecast was a 10-year forecast. We had a more near-term one, I think, too, but the big one was 10 years. The last one was 18 months. The 10-year forecast shows it's pretty good in terms of supply.

Mr Conway: Forecasts? We have forecasts.

Hon Mr Wilson: We do, and they're public; they're on the Web site.

If you don't want to get caught in a supply crunch, like California, as an example, and Alberta to a great extent, then you'd better start planning now for those plants that have to come on line in five to 10 years' time. Plus, we hope the province will keep growing. I hope we'll have a Silicon Valley here in the future, more so than we do now. That's what the other part of the ministry is working on, and that will bring new people, new jobs, and they will all need new or additional sources of power. So we're planning ahead also by welcoming private sector investment at this point in our history.

I also want to mention that CIBC World Markets also did a report, not commissioned by the government, and their independent report, published earlier this year, confirmed that Ontario has a large supply of domestic electricity. We should provide you with a copy of that report, for anyone who wants it. It's quite a good overview, as is the TD report that Mr Hampton was referring to. It's just that he's selectively pulling some stuff out of the TD report.

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Interjection.

Hon Mr Wilson: I understand the business. I learned it from some of the best, Sean.

The CIBC World Markets report confirms that our competitive market will deliver benefits to consumers, companies and the economy as a whole.

Electricity restructuring will also benefit the environment. We've seen that already with a number of environmental projects announced around the province or currently being built. The majority of this new proposed investment is based on clean, gas-fired generation, but we've also seen windmills, more biomass projects. I would say to Mr Wettlaufer that it was a real pleasure touring the city of Waterloo's new plant, not too many months ago. When up and running—they're taking the methane gas off the city landfill site which otherwise would have gone up to hurt the environment, particularly the ozone layer—they'll produce enough electricity out of that plant, just from the gas from the garbage, for about 8,000 homes when fully operational, which is pretty terrific.

Air quality will be further improved by the availability of green energy options. We expect that competition will further encourage greener forms of energy, as we talked about, some of the other technologies—solar, which I didn't mention. Consumers from time to time will get a report on the emissions created in the electricity they're buying. Over time, they'll be able to know that if it's coming from this plant, these are the emissions it created;

if it's coming from this plant, like a nuclear plant, harmful environmental emissions aren't created—very, very minimal compared to a coal-fired or oil plant or fossil fuel plant.

Supporting the search for new technologies will also ensure our future supply of electricity, obviously broader-based and indeed more secure than just relying on one or two means of generating future electricity. To help further this principle that the Premier announced as a condition of market opening, that is, alternative sources for generating electricity, we set up a select committee of the Legislature called the select committee on alternative fuel sources. As you know, the committee is currently looking at what can be done to facilitate greater use of alternative fuels, especially in electricity generation and transportation. I certainly look forward to receiving their report next year. I know that quite a few associations and companies have taken the opportunity to present to that committee or to write to it. I had a very good story the other day from the Canadian Wind Energy Association president, who said he thought the committee was great and encouraged us to continue to move forward with competition, because in the old days, if Ontario Hydro didn't want to sell the power you generated out of your windmills, they didn't sell it, so windmills didn't go up. This opens a whole new era. In future, the government's not going to decide for you—unless you want us to; you can be a default customer and your local distribution company will get the power for you and you don't have to do anything if you don't want to. But I think we're going to release a whole new entrepreneurial and scientific era in this province with respect to energy. Finally, the guy who has that windmill on top of Blue Mountain, which we toured, can legally sell it into the system—I won't tell you what his current arrangements are—and he may want to put a few more windmills up to make it even more worth his while.

In closing, I'd just like to mention that the work the Ministry of Energy, Science and Technology has been doing to educate consumers about the upcoming competitive market is about to take on a whole new phase. We had sent out a bill stuffer last year, as I have mentioned many times in the House. We've had the toll-free numbers out there, both the OEB and the ministry, to provide information to people. We've put those in local papers, in banner ads. But we are gearing up to be much more visible out there, letting people know what they can expect in the new market. I did have some figures. It's not exactly that one I want. Maybe we could expand on that if somebody asks me a question about it later.

We have done quite a few focus groups. We've also talked to many of those jurisdictions that have already gone down this road, including our own market design committee, made up of industry, environment and the Consumers' Association of Canada, which helped put things like the market power and mitigation agreement and helped develop our plans for opening the new market. They say that in terms of advertising or educating the public—I guess we're not really advertising but

educating, because we're not selling anything—about the new market, you should do that within about six months of market opening or people are going to forget. You might spend several million dollars and nothing happens, and then they wonder, what was this all about?

So last year a stuffer went in. I thank all the local distribution companies, which at that time was over 100 municipal electrical utilities, and now I think all 91 local companies have agreed to put this in the bill. It has been printed and they're putting it in the monthly envelope. They did that last year and I suspect a lot of people just threw it out: "Another little notice from my utility." I think now they'll start to pay a little more attention because we're starting to hear a bit more about it.

Jack Gibbons, of the Clean Air Alliance, wrote to me two weeks ago actually complimenting this, a very succinct letter saying he'd just received this and he thought it was very well done. He said, "Congratulations. Jack Gibbons." Now, Jack doesn't write our government too often with compliments. He has normally got other types of advice to give us in the public policy development process. In fact, we should send him this Hansard, because I want to publicly thank him. He had a couple of comments that it was easy to read and it was the right information. We've even stuck our necks out; we've put a price in here to try to illustrate to people that that's probably about where it's going to be. We've tried to explain that when marketers are coming to your door, they're telling you about the commodity price, and we've tried to illustrate the other charges that they're not telling you about. Last year's brochure had a series of questions you should ask people coming to your door or phoning you. We repeat some of that in here and go a little further by actually giving them an illustration of what things might look like. This is the actual little stuffer there, and the chart's on the back. It's a condensed version of this. It doesn't have my picture on this one—just kidding.

With that, Mr Chairman, I thank my colleagues for allowing me to finish my remarks, and I'd be happy to take any questions.

The Vice-Chair: Thank you, Mr Minister. The time you have is about eight minutes.

Mr Miller: I'd be happy to ask a question. Minister, in your remarks on several occasions you talked about the debt of the old Ontario Hydro. I believe the number used was \$38 billion. I certainly know, from running a business myself, that if I have a debt of \$38 billion, I would assume I have some matching assets to go along with that. In the case of a small business that I might run, if it was worth a couple of million dollars, the banks would probably only lend me up to about half the value of the business anyway. I'm wondering what sort of assets the old monopoly has to match that \$38-billion debt that was piled up over time.

Hon Mr Wilson: How about I ask Dr Bryne Purchase to try to comment on that? He is not only the present Deputy Minister of Energy, Science and Technology but a former Deputy Minister of Finance and can help you with the details. I'll just generally say that Bryne will give you an overview of the \$38 billion in total debt and

liabilities. Some of that, obviously, was transferred as part of properly setting up the new companies, giving them a debt-equity ratio in Hydro One of about 55-45 and about 60-40 in OPG. The actual stranded debt is obviously less than \$38 billion, because they're servicing that debt.

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Stranded debt—just a reminder, if anyone in the world outside of here is listening—is debt that can't be serviced in a normal commercial environment, so it's stranded. It's like, "Hey, nobody owns this" and it's stranded.

And it was stranded. The Toronto Star again last week said this is somehow saddling the people of Ontario with the old Ontario Hydro debt. It's the stupidest editorial I've ever seen in my life. Where did they think the debt was in the past? It has always been with the people of Ontario. The government is the back-stopper for the monopoly system. In fact, it was worse in the past because no one ever really took ownership of this thing. No one had a plan to deal with the debt. OPG, the successor to Ontario Hydro, was just meeting its minimum payment. The principal wasn't shrinking; it was getting larger. In fact, in January of this year there was a special report from the auditor saying, "With the current repayment scheme and all the money you've spent on the environment, about \$2 billion over the last half a dozen years or more, there's not enough money going in to pay the stranded debt that's there, so you're going to have to do something about that," which we did. I'll let the deputy comment on what in the past would have secured that debt.

Dr Bryne Purchase: We started with the \$38.1 billion worth of liabilities in the Ontario Electric Financial Corp. We then valued the companies, OPG and Hydro One, which have an asset value of \$17.2 billion. Just to give you the details on those two companies, we had equity of \$5.1 billion in Ontario Power Generation and debt of \$3.4 billion. Now, the government acquired the equity, the \$5.1 billion, by taking on the debt that had been issued to the company of that amount, \$5.1 billion. The other \$3.4 billion of debt that the company had is also owing to the Ontario Electric Financial Corp. So you have the government with \$5.1 billion of that debt and it pays interest payments to the Ontario Electric Financial Corp, and you have Ontario Power Generation with \$3.4 billion of debt, and it is also paying interest to the Ontario Electric Financial Corp, so the sum total of the value of those assets, if you like, to the Ontario Electric Financial Corp was \$8.5 billion.

We did the same thing with Hydro One, where the government took an equity interest of \$3.8 billion. We did that again by taking part of the debt which had been issued to the Ontario Electric Financial Corp on to the government's own books. Ontario Hydro was itself left with \$4.8 billion worth of debt, which is also owing to the Ontario Electric Financial Corp, the total value then being \$8.6 billion.

Having restructured the companies, what happens, effectively, is that we now have interest payments flowing to service the \$38.1 billion worth of debt and other

liabilities. We now have interest payments flowing from both the province and the companies into the Ontario Electric Financial Corp. The value of that is \$8.9 billion worth of debt which the province has and which is owing to the Ontario Electric Financial Corp. It has that in exchange for an equivalent amount of equity in the companies.

The two companies themselves have \$8.2 billion worth of debt owing to the Ontario Electric Financial Corp and again are paying interest, so there's an interest flow associated with that debt. In addition, we have \$100 million worth of debt for the IMO, which was one of the corporations created out of the restructuring. So the independent market operator also had to be financed and has an initial debt of \$100 million.

The Vice-Chair: You've got two more minutes, Deputy.

Dr Purchase: So those are the assets. Then there are payments in lieu of taxes flowing in to service the remaining debt, plus there is a capacity for a debt retirement charge of \$7.8 billion.

Mr Miller: Does that mean the assets are roughly \$17 billion on \$38 billion?

Dr Purchase: Yes, that's correct.

Mr Miller: That certainly seems to me to be a good reason to change the way we're doing business. Obviously, no business in Ontario would survive under those conditions.

Mr John O'Toole (Durham): I just want to ask one specific question.

The Vice-Chair: Make it short.

Mr O'Toole: The \$19.7 billion in stranded debt—is that dealt with in your numbers or is it part of a debt retirement charge yet to be levied on the grid?

Hon Mr Wilson: The short answer is that in your bill today you're paying for the debt. It's about 35% or 34%.

Mr O'Toole: Including the stranded debt?

Hon Mr Wilson: Including the stranded debt. But if you want to pay off more, you could put a charge in.

The Vice-Chair: That's the short answer. Mr Conway, you have 20 minutes.

Mr Conway: I think it would be helpful to some members of the committee, maybe everybody—I would certainly like to see, as early as possible, the latest paper on this valuation of assets and statement of debt.

One of the problems I have with this—and I say this respectfully, because quite frankly, to me it wouldn't make any difference who was over in the government chair. One of the reasons I'm so angry about this—and I've got a lot of respect for the minister; he's a conscientious fellow. But I've been in this room before. I've heard ministers and Premiers of all kinds come and tell me what it is that's going to happen. I don't want to embarrass at least one person in the room, but I remember the 1981 campaign. One of the reasons I think I can be so ecumenical about this is because what has happened—and it's a big bloody mess; I'm the first to agree—represented the clear consensus of big government, big business and big labour, and it was blessed with at least three electoral sanctions. There were a

bunch of weedy-tweedy naysayers who kind of rattled around the place saying, "It's not as pretty and as good as it looks." And guess what? They were right.

That's why I'm from Missouri. I belonged to a government that was equally culpable. That's why I just don't accept any of this any more. The one thing I've learned is that healthy skepticism is a very good place to start with the electricity debate. The minister says, and he makes a point—the public monopoly. Well, you know, René Lévesque was able to dine out 35 years ago on Montreal Light, Heat and Power, which, as I recall, was not a public monopoly. One of the things we learned from the American experience is that the electricity market—I'm one who wants to see reasonable competition in the generation of electricity, but I understand that electricity is not a commodity like the rest. You absolutely have to have it, you can't store it, and as Professor Purchase will say, far more thoughtfully than I, it responds in very different ways. What is it, Bryne? It's inelastic in a variety of ways that are important.

Minister, one of my questions to you is, when we look at the American market, one of the things we're told is that there is a very, very significant pressure to game this market, and I believe it. It was very interesting when the former Governor of Texas, now the President of the United States, went to California to meet the Governor of California. Who can have any sympathy for the California state Legislature? I agree with you: we're not California, and they did a lot of this to themselves. They designed a package that was ridiculous and wouldn't allow any new generation—totally foolhardy, it appears. The issues around generation are not easy. I tell you, this is a problem much more easily defined than fixed. But one of the questions the Governor of California had for the now President of the United States was, "Mr President, can you explain why Texas gas being delivered at the California border is four times more expensive here than up in New York state?" The Washington Post just recently had a detailed piece on the electricity marketplace in the United States, and it was chapter and verse about the forces at work to game this market—and not just private players. I mean, you mentioned Powerex, the retail arm of the public utility in British Columbia. They're all offering up hundreds of millions of dollars worth of rebates now because they were basically picking the pockets of consumers.

1700

So one of my questions is, given what we know about the American experience, what do we know about the British experience? We now know that in the first five or 10 years, they sold off assets at bargain-basement prices. One of the questions I have for you, Deputy, is simply this: what is the current valuation? We've got about, what, 7,200 megawatts of hydroelectric generation in the mix? I think I'm right about that, am I not?

Hon Mr Wilson: On the market now?

Mr Conway: OPG would have about 7,200 megawatts of hydroelectric power generation. I think that's the number, but I could be wrong. It's roughly about 25%.

Hon Mr Wilson: Yes, 8,000.

Mr Conway: All right, 8,000. Bryne, can you tell me, what is the valuation of that 8,000 megawatts? Before you answer that, what did you say our valuation is of the generating assets of OPG? What did you say it was?

Dr Purchase: It was \$8.5 billion.

Mr Conway: And of that \$8.5 billion, how do we value the 8,000 megawatts of hydroelectric generation? Have you got a number for that?

Dr Purchase: No, I don't recall that number offhand.

Mr Conway: I'd like to see a number for that, because that's one hell of a valuable asset, let me tell you. If you're in the electricity business and you've got 7,500 to 8,000 megawatts of hydroelectric capacity already installed—granted, it may need some upgrades—I'd really like to see how that's valued. In this conversation that the minister was having with the leader of the third party about decontrol and privatization, the minister was absolutely right, to a point. But remember what it is we built, with all kinds of democratic sanction. At the beginning of this new round in 1997, we had a generating portfolio that was at least 50%, probably 60%, nuclear. We can never sell that. We can lease, we can swap, but we were told by the federal regulator—and that will never change. Her Majesty will always own that.

One of my questions is, so now what have I got? I support the principle of doing something at Bruce. The minister is absolutely right: we had it for 25 or 30 years and we didn't do a very good job of running it. But my question is, what does it mean to lease these assets? You make the speech about relieving the taxpayer. At what do we rate our available nuclear capacity—about 11,000 or 12,000 megs, 13,000? Well, half of the asset base is nuclear, and we can never sell it.

There are going to be very significant short-term pressures to get some return from that, and I can understand that. Wilson will be gone and Conway will be gone and perhaps even the professor will be gone. But there'll be young people like Norm Miller, who'll be here forever, and 20 years from now he may wonder, "So what was that deal?" I say this very seriously. "What kind of a deal did we cut?" Because guess what? At the end of the day, that little bag of goodies is going to be given back to Her Majesty and whatever group of advisers he or she has at that time. So what am I to make of that? What kind of protection is there there for the taxpayer? There would be some people who would say to be careful, because some smart operator is going to get those things, knowing the ownership will always vest with the crown, and run the guts out of the damn things and give it back to the car dealer. It's like when you're giving your car back to your dad or mother on Saturday morning; you are glad he or she wasn't along for the ride Friday night.

I guess those are kind of rhetorical questions. What kind of protections do we build into this scheme so that the Legislature that's here—this won't present itself for three or four or five years. In the court martial I want to have now, all the key players are gone. I'm looking at Wettlaufer and Peters and Miller, and who are they?

Nice, new people. They don't have their fingerprints on any of this stuff. What about these deals we're making?

Now let me ask a direct—all right, Jim, go ahead.

Hon Mr Wilson: You've hit a couple of nails bang on the head that are concerns out there. Gaming the market is something that every jurisdiction has to be very prudent about. In Britain, they've had to change the rules a few times. They're in the process of probably doing it again. That's no different than our own stock exchange, though. You have to be vigilant and you have to be on top of things.

In response to that, the Independent Electricity Market Operator, when we first established it, is required to have a market surveillance panel, which—like the investigations going on now with the terrorism money, how do you find that? You have a market surveillance panel that can keep a pretty good eye on the market and see if anyone is gaming it. For the one company that we know that will have a dominant position going in, we've put in place the market power mitigation agreement, which is of great benefit to the people of Ontario.

Gaming the market, you're right, is a legitimate concern, but it's not an insurmountable obstacle and not one that should prevent us from establishing a market like every other commodity in the world. But it has to be something you're constantly on the lookout for and you have to have a process in place to deal with that.

Mr Conway: I agree that we had to change the way we did business. Listen, I'm a lot more culpable than most of you. But you mentioned something, and the deputy and I were talking about this beforehand. Did anybody read the Globe and Mail last week, the four- or five-part series on the Ontario Securities Commission and insider trading?

Hon Mr Wilson: Yes.

Mr Conway: I want to know why people aren't kicking the bloody door of this joint in, because there are hundreds and thousands of retailer investors who should be just mad as hell. Now, that's just what the Globe found, and maybe that's all there is, but that article makes plain that you've got big international investors like Fidelity laughing at us. I won't quote Radlo, but he says it pretty bluntly about "up there" and the unreliability of that marketplace. There won't be a peep in the Legislature, but there it was, four lengthy articles—just outrageous.

This market is one where you say this is a \$10-billion marketplace. We know from the United States, we know from Britain, and we know because that's why Adam Beck could build his great power movement to start with. This was a market that a long time ago attracted some of the worst pirates in Canadian capitalism. Of course, we now have this naive belief that they've all gone away.

When I look at this, I look at the Market Design Committee, and they said, "Listen, market power and gaming is a real issue." Minister, to your great credit, you established a very distinguished group of people on the Market Design Committee. Remember one of the things they said? They said that our market mitigation was second-

best. They raised some very serious, fundamental concerns about the design of our marketplace. They're a lot smarter than I am. I read that and I was really troubled by it.

Hon Mr Wilson: Can I just comment on that?

Mr Conway: Yes.

Hon Mr Wilson: I think the "second-best" came from—and I think you'll find some of those are more pleased now than they were. There was a real push by the private sector to do exactly what Macdonald had recommended and carve the whole thing up into tiny little companies and sell 'er all off. We didn't think we wanted to do that. We thought that was unfair to the workers there and we thought it was unfair to the taxpayers. We said, "Jesus, if everybody knew that was the plan, then you'd end up with a fire sale." So we had our differences there at the beginning. You get people like Steve Probyn, who were part of the Market Design Committee, who frankly didn't agree with some of the things. Those guys were in conflict, though. They wanted to buy these little companies up.

Mr Conway: On that, let me just come to another central concern.

Hon Mr Wilson: So we decided we'd set up an independent market operator to deal with these things. I think that's where they said it was second-best.

Mr Conway: Oh, they were pretty clear, Minister. They were very clear. I understand what you're saying.

I've got very little time, so let me get to a couple—

Hon Mr Wilson: They also had their own motives, selfish motives.

Mr Conway: Hey. The Market Design Committee, Ron Daniels et al?

Hon Mr Wilson: No, some—

Mr Conway: I'm just talking about Daniels. I'm talking about that second report. They couldn't have been clearer.

Now, let's get to another issue. I played a lot of sports when I was growing up and I never liked being in a game where you had what we've got in this situation, and I say this very ecumenically. But what have we got here? We find government in a fundamental and almost complete conflict of interest. Why? Well, using a hockey analogy, we own the arena, we hired the ref, we wrote the rule book, we have the big teams on the ice, and worst of all, we have a vested financial interest in the outcome of the game. I, as Joe Q. Public, as Andy Donato's caricature, am supposed to just expect that whomever is in that chair—it could be Wilson, it could be Conway, it could be Lankin; it doesn't really matter. I have a really significant corporate interest and it may take me in a very different direction than the customer interest. When I get a situation like that—and there is a good portion of it that's unavoidable—then I want as much transparency as I can get.

1710

It's nice for Wilson and the professor to come to this committee. It's kind of like Alan Greenspan taking his latest thoughts about monetary policy and fixing a recess-

sion to a grade 8 class in some suburban Washington public school. I really want that smart deputy minister of yours, on an ongoing basis, to have to go before some kind of really tough, bloody-minded public utilities commission where a bank of really tough, smart lawyers and consultants is going to have at him and he at them. Out of that dialectic, I might get a sense of what's going on.

My question is a very simple one: given the basic conflict of interest that we've got here in terms of government, why don't we have more transparency, and what can we do to give the consumer, the taxpayer, a higher level of comfort? When he or she reads, for example—the Toronto Star the other day had a piece by Robin Harvey, Consumer Watch, which I've got here. I'd read this and say, "What have we got here?" We've got the OEB telling us that a couple of the schemes our company is offering look like they breached the electricity retailers code of conduct. We've got close to three quarters of a million people—before the nice glossy pamphlet has been prepared—who have all signed up, and boy, have they signed on to some interesting deals.

Hon Mr Wilson: Not before. We had one last year too.

Mr Conway: Well, my point is, what about this conflict of interest, what about some transparency, and what about some mechanism to keep all the players honest in this?

Hon Mr Wilson: Good points, except that I think actions speak louder than words. You have to admit, Mr Conway—I would hope you would admit—that this has been the most transparent system ever, in moving from a royal commission, as it were—Donald Macdonald, the former federal Liberal finance minister and his advice—to a white paper to four years of implementing that white paper. If you go on the Web, you'll see every report ever given to me on there, including financial advisers saying, "We think the Bruce is a good deal."

Mr Conway: It's good, Jim, but it's about normal; it's about the way it's been. I know the intentions are good.

Hon Mr Wilson: Can I just answer the question? The intentions were put into law so you couldn't just leave it up to the whim of the minister; a comprehensive rewrite of the OEB; a new IMO. You know where the money is going to go. The Ontario Hydro Financial Corp, the corporation that holds the debt, has to do an annual report to Parliament. Parliament can change that any time and say we want a daily report to Parliament, if you want. Haul them before a committee. Ask them. They're transparent.

I can only say that you are better qualified than anyone in this room to absolutely say that the old way wasn't transparent. My example is always this. PBR, performance-based regulation, is the way Floyd's going to be running the OEB in terms of trying to keep distribution prices as low as possible and getting them lower than they are today, if that's possible, by comparing utilities and actually bringing in a regime that will check prices among the local distribution companies, and the regulator forcing them to become more efficient over the years. We couldn't start PBR right away because nobody could

provide data from the old Ontario Hydro on how they set local utility prices. So 93 years, and there isn't anyone around or any books to tell me, "How did you set Mississauga's distribution price in the past?" Apparently they had a few cigars and went into a back room and set the prices. I was astonished by what we found at Ontario Hydro. Half the book isn't even written, because it's just too embarrassing for too many governments.

But if I could just say, you're going from an unregulated or a self-regulating monopoly, essentially—I think we'd agree that's what it was. I remember being a summer student with George McCague, chairman of Management Board at the time, when I was 17, and he was supposed to be responsible for Ontario Hydro; Management Board had it back then as the overall responsibility. I remember him saying, "Jim, Ontario Hydro is a law unto itself."

Mr Conway: All right. I've got a minute here.

Hon Mr Wilson: I think it's much more transparent than in the past.

Mr Conway: Well, I just wanted—

Hon Mr Wilson: And we are in transition, so a lot of these things you're talking about will solve themselves.

Mr Conway: I've got a question for the deputy. Listen, there are lots of problems with the past, as I say. This is a very, very sensitive and highly political commodity. I know all about the past mistakes. I'm a prayerful type, particularly when I'm around the Legislature, but it may take more than prayer and good intentions here.

To the deputy, the New York Times on the weekend ran a very troubling, long, analytical article about Enron: "Once-Mighty Enron Strains Under Scrutiny." I've got to tell you, it's one thing for the Toronto Star, maybe, to get people going at the consumer level. Anybody reading the Sunday New York Times piece about Enron would really, really have to be concerned. In fact, the article makes the point that if it gets much worse, this flagship, the single largest corporate player in electricity and natural gas trading in the United States marketplace, could, they say, become the Long-Term Capital Management case of 2001-02, and if that were to happen, that would send the electricity market into a roil, if ever one existed.

Do you have any comment and any response to this Enron story and what it might portend, particularly about volatility in the marketplace?

The Vice-Chair: Pretty short, please; time is up.

Dr Purchase: I really don't, Mr Conway. I didn't read that particular article. I know what's happening to Enron and I know that its stock price has dropped by half in the last two weeks. There's a very serious financial problem. They made some investments which look more like bets than—

Mr Conway: Well, they were playing games that would remind you of some of the old utilities, apparently.

Hon Mr Wilson: I don't have any direct dealings with Enron, so I really wouldn't know, other than that they

come and talk to us once in a while, and I think they probably talked to you too.

Mr Conway: Well, they're a big player in the market, and this is going to be a private market. This is the biggest ship in the water. I read that article, and let me tell you—

The Vice-Chair: Just a point. The rotation will go to the NDP and then to the government. May we ask that we skip the NDP and now go to the Conservatives, and then we can maybe go back to the NDP at that stage. Do you want to give it up to somebody else? Do I have your approval for that, for us to skip this rotation to the Conservatives now, and then later on go back to the NDP?

Mr Wayne Wettlaufer (Kitchener Centre): I've got a question to start with.

The Vice-Chair: Are you saying yes, then, it's OK?

Interjections: Yes.

Mr Wettlaufer: Minister, a number of constituents have called in, and while I've given them an answer, I think I'd like it straight from the horse's mouth, straight from your mouth.

Hon Mr Wilson: You shouldn't comment on my size; that's not fair.

Mr Wettlaufer: Right. It has to do with the retailing and the number of competitors out there and the different deals that some of them have to offer. One, of course, has to do with the pegged price, where one of the retailers will go around and offer a pegged price on a contract basis for the next two or three or four or five years, whereas others do not have a pegged price but a fluctuating price. I don't really have any words of reassurance for these people. They picks one and takes their chances, so to speak. Do you have any advice for them?

Hon Mr Wilson: It's early days, so I tell people, "You don't have to sign. Like anything else in life, don't sign unless you feel you really understand it." But let's look at competition in the gas industry as it was opened up over the last 13 to 14 years. Certainly people who had one-year, three-year or five-year contracts as a result of gas marketers—and by the way, previous governments didn't even license these people. Anybody could go out and be a gas marketer. Now you have to give them a licence, there's a code of conduct, there's a complaint system in place, run by the Ontario Energy Board. It's much more scrutinized. We've also put fines in place so that companies can be fined. In the past, there was no regulation. You had a decade of natural gas marketers out there. But I will say that in the last few years, say you signed—certainly we saw the peak in natural gas; 40,000 Ontario customers were protected from that peak because they had signed contracts and had a fixed price. So in a free market, prices are going to go up and down.

1720

My brother-in-law lives in Barrie. He said, "Natural gas prices don't affect me. I've got a five-year contract." He probably saved money. Again, in a free market, it's hard to tell. You can talk about a Kodak moment at any moment, but I would say that a lot of people in the

province—sorry, it was more than 40,000. About 40% of the gas customers in the province had these fixed contracts and they were happy. That's why we got fewer complaints when the price of natural gas shot up. I thought, "Oh, my God, I'm going to spend all my time on my feet in the Legislature about natural gas prices." My own theory is that a lot of people actually, because they had fixed contracts, are now thanking the marketers.

Some of these electricity marketers are telling us they're being phoned by customers because of all the media and California. I think we do a disservice by pretending everybody knows what's going on in California and being politicians about it. When you're setting up a new market, it's important that we as politicians—I'd say this to Mr Hampton—actually get the facts out. Spin it, but remember, you're scaring people too into something they don't have to do.

I've always stayed with Bell. It's not a plug for Bell. But they phone me every couple of months and say, "How's our service?" as a result of competition, because they're afraid I'm going to go to AT&T or Sprint or someone else.

Mr Conway: You're not home that much.

Hon Mr Wilson: That's the beauty of voicemail.

And my prices have gone down significantly. They phone me and say, "We're now 10 cents a minute." I can remember that call, and I can remember seven cents. As I said in a speech recently, long distance is damn near free now as a result of competition, and all the new call forwarding and new phones and services have come in as a result of competition. We'd still all have a rotary-dial black phone on a party line in rural Ontario and small-town Ontario if it wasn't for Bell. Remember the colour of phones? I mean, this is in my lifetime. When Radio Shack started selling phones and you could actually go buy a phone and hook it up yourself, suddenly all these services started coming in. That's credit to the federal government of Mr Conway's stripe, who started to open up that telecommunications market.

Gas has been relatively good in real prices. It's lower today than it was in the early 1980s as a result of competition, even after the spike, and I think that's still true. We expect the same in electricity.

The biggest message I think you can give to people is say, "Be informed. If you don't feel informed, your local utility, like Bell, the local monopoly, will continue to look after you."

Mr Wettlaufer: So it's the same as if someone is going out to invest in a GIC or in the stock market. There's some risk that the prices are going to go up or go down.

Hon Mr Wilson: Yes. In my opinion, until there's a lot of choice out there—and this is the early days. As I said, 50 marketers and retailers have been licensed and several more are pending. Be careful. Where the jobs are created, in the businesses and the mom-and-pop shops, if you use a lot of electricity you might want to talk to three or four marketers and your local utility and have that round table, just like you would if you were looking for

another supplier in your business. Take the same prudence with this commodity as you would with everything else supplying your business.

I suspect, as we saw in the telecom business, that a lot of people will shop around in the early days and then it will settle down to a fairly stable situation. I was more convinced to get into this thing, when I first became energy minister, when the large users—I can remember the pulp and paper in the north, Bowater and all them, coming in and saying, "When can we get the same price of electricity as the province of Quebec? When are you going to allow me to run a hydro line from Quebec to my plant?" We had gone up and we'd killed jobs and these plants were really worried. They, in spite of the fact that we had to increase prices this year and a lot of the industrials had a larger increase than residential—and that was strictly nothing to do with so-called deregulation or competition; it was the auditor's report in January saying that at today's rates, after an eight-year freeze, you're not paying your debt off properly, or keeping up with the interest payments, as I like to say. So we were forced into that situation.

But the fact of the matter is that all those companies—I've not received a letter saying, "Stop," in spite of them trying to bringing them up in the House all the time. I talk to those presidents and vice-presidents and power managers from time to time, whenever they want to talk, and they're all saying, "Competition is still our best guarantee of the lowest possible price." And these are the big users.

Interjection.

Hon Mr Wilson: That's what they're saying.

Mr O'Toole: Thank you, Minister. I appreciate that. In the limited time I have, I have about three questions. They're not connected, just sort of random, I suppose.

One is the role of moving the Ontario Energy Board to a clearer model as a self-funded organization. I think of the TSSA and the Ontario Securities Commission, where it's a user fee. I think their budget's around \$18 million or something like that; I think I read their annual report. I know there's a letter on file from the Toronto Board of Trade stating their position to you, as well. I'd like you to respond to that, as the first one. I really think there's some merit to the case of allowing them—as I think the TSSA has demonstrated, if rates are related to activity, whether it's decisions or resources needed at that board level, that the industry use that and not receive a subsidy in some way from the government. I'd pass the letter on, if you want it. It's dated September 10.

The other one is a totally different question but it deals with something that each of us at the local municipality have had to deal with. In my case it's Veridian, which I've supported from the beginning. It's really a share capital thing; I think municipalities have a share in it as the way they financed it. Now they're paying a dividend to the municipalities. Municipalities are getting a dividend annually from these Veridians and other types of incorporated local utilities. I have to explain to them that it's really revenue replacing tax. In fact, it's a tax. If they've got a profit, that is a dividend. Clearly they're

making money and it's a tax, the way I look at it. Yet we gave them those tools at the municipal level. I guess the way it works, in accordance with the government's plan of restructuring electricity, municipalities receive the assets of the local electric utility and municipalities decide to profit from these investments by taking ownership of the utility in the form of interest-bearing loans. Maybe you could respond to that, as we have to explain how come the local utility is writing a cheque for \$200,000 or whatever, which represents revenue to the municipality and their revenue is basically tax or user fees of some sort. That's number two.

Number 3: I think the best summary that Mr Purchase and others give—in the public accounts there's a really good summary of all of the debt and equity and stranded debt issues. You pretty well summarized it, but for Mr Conway and others it's an extremely good—I'm still concerned there about where the debt retirement charge actually fits in. I know there's an interest charge paid annually from revenues from OPG or Hydro One; it goes in to pay off the debt that we borrowed on their behalf and they pay the interest, whatever, and the PILs, the payments in lieu. But the one I'm really still quite in the fog on is the debt retirement. That's the \$19.7 billion stranded. Nobody's got the assets; it's pure debt. And one more point on that pure debt—I support everything you've said, Minister. It means we were artificially subsidizing electricity rates for the last 10 or 15 years.

Mr Conway: You've got that right.

Mr O'Toole: That's clearly what it is. We were just pouring more money in than it had the ability to deal with. We had the Macdonald commission and all that dealing with it. Is there anything in all of those revenue notes that you gave us that is clearly being directed—I know if OPG sells assets that goes against the debt. I understand that that's how it works. It doesn't come into revenue as a revenue piece for the government; it goes into the debt retirement somehow. But how are we going to deal with that in terms of whether it's going to be in the rates? Howard's big question here is, are the rates going to stay stable? Yes, but what if there's this little tariff on the grid and the rates go up? They're going to say, "The rates didn't go up, it was the grid that went up," this grid charge or whatever they're going to call it. I'm confident that's how they're going to deal with it. They're going to slip in a little 7% on the bill and it's going to say, "This is debt retirement," and we're going to say, "Oh, no, the rates didn't go up. That has to do with the debt." I think I've made my point there.

Interjection.

Mr O'Toole: Yes, those are three points, Jim.

Hon Mr Wilson: Three? You're too smart.

Mr O'Toole: The self-governing thing for the energy board, Floyd.

Hon Mr Wilson: Right; the municipalities and DRC.

Mr O'Toole: Yes.

Hon Mr Wilson: OK, I'll try and be quick, and I usually am.

1730

I am familiar with the Board of Trade letter, and most of their points have been dealt with in that it is an arm's-length body. Policy is set by government, but the regulator has to do that.

Mr O'Toole: It still would be.

Hon Mr Wilson: It still would be. The issue is not one that we've been prepared to deal with as a government. We badly underpay our commissioners. Really, to be a good member of the OEB, you need, in my opinion, a professional background—lawyer, accountant. We're really short of accountants. I'm just going to be very frank with you. The Board of Trade at this time, in September, were around to see all of us, the various people, saying, "We should move them to a different type of agency," so they'd—they have it in here as being able to resource themselves properly. That means they need a raise. That's the issue.

Mr O'Toole: They need better people.

Hon Mr Wilson: Well, I think their worry is—they're not critical now. Remember, the gas industry has dealt with the OEB for a lot of years, all through their deregulation or whatever—actually, re-regulation is the proper term in this jurisdiction. You do get a lot of positives there, the people who have actually dealt with it. I think the Board of Trade is saying, "Now that a lot of our members are going to have deal with the OEB," because we're finally regulating parts of the electricity industry in the province and the regulator has some teeth—remember, the OEB in the past just had oversight. I think in 1992 or 1993—I forget the year; mid-1990s somewhere; I can't remember the story exactly, I used to know it well—the OEB did do rate hearings and Hydro just ignored it; they raised the rates anyway. Finally, Bob Rae got so mad in 1993 he said, "No, the government's ordering it now," so he pleaded with the board to freeze rates. Again, it's a whole area that's going to be regulated in a more transparent way.

But that is the issue with the energy board, and I have some sympathy for that. Under the current system, it's hard to do any more on their compensation because they're getting paid the same as many other boards. To be perfectly frank, I think that's the real issue.

The other thing is about independence. There's no one more independent than Floyd Laughren, and he makes that clear every time we have a meeting. In fact, he jokes when we're at the same reception or something together that we can't be seen in the same room. He takes the sanctity of that job very seriously. He knows he's responsible first to the people of Ontario as the regulator and he's there to protect consumers and to help establish the retail market in particular at this time. He's doing a good job, and the law is set up that they are independent.

Municipalities forced into these rates of return: the message that I think most municipalities and the media chose to ignore, and they were free to do so, was that they could have set up non-profit corporations too. No one forced them into what many of them took. All I can say is that it's—

Mr Conway: Say that again?

Hon Mr Wilson: No, I've said it in the House a hundred times. There's nothing in the law—

Mr Conway: I must have missed it.

Hon Mr Wilson: In fact, I was out there, Sean—I wrote every mayor at one point and told them their options. We did 18 seminars in the first year; it would have been 1999. They went around; I attended three of them because they were in my local area. I can remember going to the one in Alliston; 40 different municipalities or more represented. Mayors were there in those days, wondering what it was all about, and we explained Corporation 101. Your staff went to one of these, I think. You remember our slides on Corporation 101? "What's a corporation? It can be not-for-profit or it can be for profit. If it's for profit, the regulator is going to set your rate of return."

Anyway, the short story on rates is that it's normal to have a debt-equity ratio in a company. You know that well; you worked for GM for years. With normal commercial rates, you should be able to service that debt on a regular basis and keep your shareholders happy.

Where we would be concerned is if Toronto, for example—if Mel went in and took another \$200 million out and it would automatically raise their rate of return above the 9.88 set by the OEB. The OEB would have something to say about that and he would not necessarily be free to do that. But he is free to go in and have a normal commercial company.

Remember, for 40 years, I'm told—it goes back that far—municipalities not only have been asked to run like a business, but they've asked, "Can we get into some businesses? We want to prove to you that we're efficient." That was a motion on the books, I'm told, decades ago at AMO, and I used to hear it all the time. We changed the Municipal Act, when we did the Energy Competition Act, 1998, for the first time to allow municipalities into a business.

I think we're all watching them very carefully. They are running the monopoly business and they've been given that as a—

Mr O'Toole: Source of revenue.

Hon Mr Wilson: Yeah, a source of revenue to give them some stability. Also, because they have that wires business, which is a gift, or a privilege, is the word I'm looking for—you have the privilege of running the monopoly business in your own area. But some of them are getting into other businesses which don't concern us. That should concern the municipal taxpayer, though, or ratepayer. If they lose money on their telecom business, they can't cross-subsidize from the monopoly business. It's a completely separate business from retail and others.

The Vice-Chair: Because we're out of time again, we're going back to the NDP for one last round of 10 minutes.

Mr Michael Prue (Beaches-East York): I have one question, and I'm sure Howard will be here, because he really is the one to ask the questions.

This may not be directly in your ministry, but the statement you made about the fixed contracts intrigued me no end, about business people and I guess ordinary homeowners, half of them being in a fixed contract protecting their interests. I'll just ask the question and then it's right over to Howard. I'm very curious about that because that's probably true. It's absolutely true that the people who got in there were good business people and protected their interests. But we have a situation, in Toronto especially and I think in other parts of the province as well, where people who were poor business people, who did not tie themselves in and who allowed the spike, are actually benefiting hugely. I'm speaking about landlords. Under the Tenant Protection Act, when you go and say, "We have this huge spike," you actually get the money back. Because they were poor business people, the tenants in their building pay and continue to pay forever. I'm wondering, how do you justify or how do you think that is at all fair?

Hon Mr Wilson: Thank you, Mr Prue. It's not my area, but the government has indicated that we're either entering or we've already started consultations on the rent control act. Remember, we're using the same laws and the same formula that were in place under the Liberals and the NDP. But we are going out there on behalf of tenants and saying, particularly energy costs, because of the price, "Should those be permanent?" The formula we're using, which the Liberals invented and the NDP kept the same formula and we have the same formula, is permanent. It's the same with carpet. You buy a new carpet and it's a permanent increase. The carpet eventually gets paid for through the increase. Why do people have to keep paying for the same carpet over and over—all kinds of things like that.

But the energy has picked our interest, and on behalf of tenants that's something we're looking at. The minister said at our policy conference on the weekend, to the 1,200 or 1,300 people there, that he had started consultations on that. So as energy minister, it does concern me. I've talked to them, and maybe there's something we can do under that act, which is municipal affairs.

You shouldn't have to pay for the increase forever and ever, but that's just the way the formula was. I can remember—I was here—it was hailed as a great thing at the time, but times have changed.

Mr Prue: The spike only lasted for two, three months. The people have the bills for those two, three months. Even though the costs have gone down enormously, they continue to pay. That was my question.

Mr Hampton: I believe you talked earlier about Pennsylvania. This is what the Consumer Federation of America has to say about Pennsylvania. It says that residential rates in Pennsylvania remain about 25% above the states that have not restructured. They say in the report that Pennsylvania was the poster child of open electricity markets. "Regulators originally mandated temporary rate reductions and price caps on residential rates but the temporary reductions did not last very long. For a while, industrial ratepayers enjoyed larger rate

reductions" for a period of time, but those benefits have gone as well, and they point out that in fact rates are now going up in Pennsylvania. So you would disagree with that report from the American consumer federation?

1740

Hon Mr Wilson: Just no comment at this time, because I'm having a mind block with respect to current prices in Pennsylvania. We're trying to find the chart here. We do keep track of prices on a regular basis.

Mr Conway: It sounds right to me. The Pennsylvania prices were above-average. I think Howard's right.

Hon Mr Wilson: I don't know. It's a relatively—is this the September price?

Mr Hampton: The interesting thing is that the consumer federation says that reserve margins of 30%—

Hon Mr Wilson: The latest price I have in September isn't out of line at all. It has gone up and down. It was US\$23 per megawatt-hour, peak prices, and that's your highest, in Pennsylvania in April 1998; it went up to \$45 per megawatt-hour in January 2001; April 2001, \$46; July 2001, \$51; and September 2001, \$32. So this would indicate that it's gone down.

Mr Hampton: The point they make in this report is that what people were promised in terms of lower prices has not been the experience, that in fact prices haven't gone down and in some cases they've gone up.

What's interesting about this report is that they actually agree with the people at TD Securities. The American consumer federation says that if you're going to avoid price manipulation in electricity markets, you have to have a reserve generation margin of 30%. Anything less than 30% allows the generators to remove generation from the market and thereby force up the price. The interesting thing is that the consumer federation in the United States actually agrees with TD Securities. So I want to ask you again, what reserve margin is the Ministry of Energy shooting for in Ontario?

Hon Mr Wilson: Just a comment. Apparently that report is what you'd expect from the Consumer Federation of America, which is not a body I've heard of too often. It makes its cases on daily spot prices and picks the highest prices to make the worst possible cases, according to the briefing note I have. That's the department's view. In fact, one day they picked prices that had quadrupled because of a spike, and the wording of the report suggests that was a permanent increase. I bet if they did the report now that natural gas prices have shot way down, I bet if I got an update—I'm just guessing here—you might find that prices are probably lower. So the note here is caution. This report takes a snapshot and picks the worst-case scenarios on a spot price. You have to average over a period of time, as you know, on a spot market to get the true price.

Mr Hampton: They only cite as their references the Office of Consumer Advocate, the National Energy Policy Development Group—

Hon Mr Wilson: Sure, that's where you get the price information.

Mr Hampton: —the Energy Information Administration. If you want to doubt them, that's fine. But what I wanted to ask you is, they agree—

Hon Mr Wilson: That's where they got their information. That's not where they got their opinion.

Mr Hampton: They agree with TD Securities that if you're going to avoid market manipulation, you need to have a margin of 30%, in other words, 30% more generation than estimated peak demand.

Hon Mr Wilson: I've never heard of such a stupid thing. Why would you want to have 30% and extra billions of dollars in cost sitting around doing nothing? That's not what the US regulator requires, any more than we do. We have a much more reasonable approach. Standard acceptance is 15% to 18%. That's what we have. Any more than that and you'd have excess capacity that taxpayers would be paying for under the old system and absolutely wasting their money. You'd have basically a mothballed plant that was there just to satisfy some arbitrary figure. In a 100-year history, 15% has been the experience. Even in our four days when we had to buy power from the States this summer, we just dipped into the 15% reserve. So even in our highest, worst-case scenario, we still had plenty of reserve left if there was a disaster or something.

I would disagree. I think it's stupid, it's bogus. Why you'd want to have hundreds of millions, if not billions, of dollars worth of wasted money out there in a system you may never call upon is just stupid. That's all I can say about it.

The Vice-Chair: You have about five more minutes.

Mr Hampton: I find it interesting that you say the analysts at both TD Securities and the consumers federation of the United States, which has been around for 30 years, are stupid, according to you.

Hon Mr Wilson: You might consider that TD Securities probably provides the money for the plants. They've got two interests here. One is financing these projects—

Mr Hampton: They're very clear about their interests. They're saying that when you have margins of less than 30%, if you're an international energy corporation, you should go out there and buy up as many generating stations as you can, because with margins at less than 30% you can easily create the kind of energy shortage that was created in California and then you can game the market. That's what well-renowned economists around the United States are saying—

Hon Mr Wilson: No, they're not.

Mr Hampton: —that corporations were able to game the market in California.

Hon Mr Wilson: No, come on. Mr Hampton, in California it was the government that didn't give approval for the new plants—13 years and no significant new approvals. I was there. I talked to the politicians. I've been there three times. They all tell you the same story. No matter what stripe, Democrat or Republican, they agree there was a supply problem—plus they had natural gas spike on them, but a supply problem was in place before that—and their reserve margin was under 6%. The fact of

the matter is that they went below the industry standard, way below, and for environmental reasons, as the Governor told me, it wasn't just "not in my backyard," it was "not in anybody's backyard." You couldn't build a plant—certainly nothing was built in the last eight years—yet they encourage Silicon Valley and all these electricity-intensive industries to come in and manufacture and didn't build any power plants for them.

That was the old government three-way monopoly that did that. You cannot blame the private sector. The private sector issued report after report saying, "We must build more plants. Are you going to do it, government, or are we going to do it?"

Mr Hampton: So you're saying that a margin of 15% is adequate for the purposes of Ontario?

Hon Mr Wilson: Well, 15% to 18%. It fluctuates a little bit, but that has served us well even on our greatest-demand days. As I said, I'm not sure you want to have a plant that isn't running that you have to pay for. You've got to be sensible about these things.

Mr Hampton: So you're prepared that on the verge of going to an open market, a 15% to 18% margin in terms of supply of generation will protect consumers of Ontario from the market being gamed, it will provide them with stability and predictability of supply and it will ensure that they will not be left open to price spikes?

Hon Mr Wilson: Obviously, no matter who's in government, it's in our interest to have a safe, reliable, best-price electricity system. If somebody—I would say other than this association which has popped up with all its advice—recommends to us that we should look at it, I

guess we would, but I've never received any advice except in this one report. We talk to TD frequently and to all the other financial advisers. By the way, we're given lots of free advice too. I'm not an expert on margins, but from what I'm told, the system is adequate in terms of its margin there now.

In the future, by the way, this won't be government arbitrarily deciding this. That's the good news. Independent regulators, for the first time—if the IMO doesn't feel it's got enough safety or margin built in there, that's what it's there for.

I wanted to say to Mr Conway that actually almost everything he mentioned was a problem with government. In fact, he made the case why government shouldn't try and run these things. Let independent people who do it as a full-time job and have the expertise and need to compete for your business, which is the best incentive out there—you're not a captive customer any more—make these decisions in the future. That would be my view and that's the direction we're headed.

Mr Hampton: I just want to take you back to TD Securities. Their logic is pretty clear. They're saying that with margins of less than 30%, it means prices will go up. If prices go up, that will be good for investors—investors will make money—but they're also very clear that it won't be very good for consumers. Consumers will pay more. So you're saying that their advice is wrong?

The Vice-Chair: I have to adjourn it now. The committee stands adjourned until tomorrow afternoon.

The committee adjourned at 1750.



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Standing committee on estimates

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 31 October 2001

Mercredi 31 octobre 2001

*The committee met at 1543 in room 228.*MINISTRY OF ENERGY,
SCIENCE AND TECHNOLOGY

The Vice-Chair (Mr Alvin Curling): We resume the hearings for estimates on the Ministry of Energy, Science and Technology. We're just in the rotation where we come to the Liberals for 20 minutes: Mr Conway.

Interjection.

The Vice-Chair: Mr Hampton, I understand you had six minutes left the last time. Do you want to proceed with those six minutes?

Mr Howard Hampton (Kenora-Rainy River): Oh, yes, I want to use the six minutes. Absolutely.

The Vice-Chair: Let me just inform the committee that after Mr Hampton's six minutes, it goes back to the Liberals.

Mr Hampton: Minister, I wonder if you can explain something. Yesterday, when I asked you about certain documents, you said that they could be obtained at the legislative library. So we had one of our staff go to the legislative library, and the response we got from the librarian here was that they do not have those documents. The response was in writing. I wonder if you can explain your answer yesterday that those documents would be available here at the library when in fact the legislative librarian says they are simply not here, nor have they been here.

Hon Jim Wilson (Minister of Energy, Science and Technology): I also said in my answer that they're available at the Bruce library, which they are. I'll talk to the librarian if you like. When I was an assistant here for six years, they prided themselves on being able to get access to any library in Ontario, any material, and if they didn't have it, they'd buy it. As you know, that's the pride of the library upstairs. So if you had also told her that in my answer I said it's at the Bruce library, which I made clear, she would have been able to link with them—they have an interlibrary service—and probably get a photocopy of it, which you might have had to pay for.

Mr Hampton: We'll follow up on that too. I just want to be clear. The documents that we're searching for and that you have so far refused to table in the Legislature and refuse to make available to the public—

Hon Mr Wilson: Here's your copy.

Mr Hampton: —are in fact whatever studies were commissioned by the Ministry of Finance, the Ministry of Energy or the government in general relating to the Bruce Power agreement and relating to the move to an open market for electricity. So we'll look for those and you can be assured—

Mr Norm Miller (Parry Sound-Muskoka): It's right there.

Interjection: They're right in front of you.

Mr Hampton: We'll have a look at those documents later. I suspect those are the same documents that have been available, which do not lay out all of the details of this lease agreement, do not lay out all of the details regarding revenue etc.

Hon Mr Wilson: Here's a copy of Salomon Smith Barney's evaluation.

Mr Hampton: This is the same company that made \$7 million on the deal? You consider that a fair process: the company makes \$7 million on the deal and then they offer an opinion letter that says it's a good deal?

Hon Mr Wilson: I don't even know where you get this figure of \$7 million.

Mr Hampton: I'm sure this will all emerge in the fullness of time.

We also called Alberta yesterday, and the province of Alberta indicated that in 1996, before the Conservative government there began their process of an open market for electricity, the wholesale power price in the province was about \$20 per megawatt hour. They told us that today the average wholesale price this summer in Alberta was about \$130 per megawatt hour. Does that sound like a good deal for consumers to you?

Hon Mr Wilson: Alberta did not open their market to competition, in spite of what the media said. They only declared a market opening on retail in January of this year, and they're in the very early stages. Again, they fell into the same trap.

Minister West and I have been to many, many energy meetings together in each other's province when he was the minister—

Mr Hampton: A simple question: do you think it's a good deal for consumers or not?

Hon Mr Wilson: True competition is, but I've consistently said Alberta and California have had problems. Everybody in the world knows that, and they're in the process of heading toward a truer competition model than the half-pregnant model they started with.

Mr Hampton: In mid-June, the US Federal Energy Regulatory Commission—it's called FERC, I gather—unanimously ordered limits to wholesale power prices in California and 10 other western states until at least September 2002. In effect, they were saying they have to step in and do some re-regulating of what has been a dash to an open electricity market.

If an open electricity market is so good for consumers, why would FERC not only step in and regulate prices in California, but 10 other states as well?

Hon Mr Wilson: They felt, as a regulator, they needed to do that on a temporary basis. Ask them. I've been down to meet with them. We met with the chair of FERC under the Clinton administration, and I'm sure there are a lot of people in those states who want to know why they did it too. But they are temporary measures. I assume they were trying to bring some sense to some markets that had politicians like yourselves trying to set them up and muck it all up and socialize it and at the same time call it competition, and remonopolize it. That's not what we're doing.

The Vice-Chair: One minute.

Mr Hampton: I wonder if you could tell us what the wholesale power price in Ontario is currently per megawatt hour; in other words, the wholesale power price that OPG would be charging per megawatt hour.

Hon Mr Wilson: The deputy minister informs me it's 4.7—

Mr Hampton: Per megawatt hour?

Hon Mr Wilson: Per megawatt hour, \$47.

Mr Hampton: So it's in the neighbourhood of \$40, \$45, \$47 per megawatt hour.

Hon Mr Wilson: Yes. Which I showed you in that pamphlet yesterday, by the way.

Mr Hampton: I just want to confirm, get you on the record, that's all.

Hon Mr Wilson: It's not me on the record. Go look at the power prices. Ask any utility what they pay for power.

The Vice-Chair: Mr Conway.

1550

Mr Sean G. Conway (Renfrew-Nipissing-Pembroke):

One of the interesting observations I think a person could conclude from the California experience, which has been quite interesting, is that both private and public generators and retailers of electricity were quite willing to kick the guts out of a market.

Duke Power comes to mind, who were offering hundreds of millions of dollars worth of rebates to the California consumer. Powerex, the trading arm of BC Hydro, as I recall, was quite willing to do the same thing. When you look at California, among the many things you see is that in a market that is starved for supply, both public and private players seem to be quite willing to take full advantage of their opportunities. It drives home the point, surely, that whatever we do, we better have one mean, rough, rotten and ruthless regulator because this is a game in which, a bit like water polo, there'll be a lot of kicking and scratching underneath the waterline.

Are you, Minister or Deputy Minister, satisfied that notwithstanding the improvements that were made in Bill 35, giving, as you have said, Minister, the regulator a new, expanded mandate and more resources and more teeth—do you think this regulator really has the resources and the resolve to referee the kind of WWF activity we saw in California?

Hon Mr Wilson: Again, we are not California.

Mr Conway: I know we are not California. I look at the Toronto Stock Exchange and read the Globe and Mail and say to myself—

Hon Mr Wilson: That's why the independent-from-government forecasts of supply that I mentioned yesterday are so important. We have a made-in-Ontario solution to a problem that didn't exist in California, when you have one company that's a monopoly, that's never had its prices checked against any type of competition or anything. We have the opposite: it has lots of supply; it's just not very efficient and it has a tendency to rack up a lot of debt. We think others can do a better job, so we are making room for others to come in. That's not what California and the others had to do, necessarily.

Mr Conway: That's why I raised the Enron story yesterday. You make a pretty colourful, interesting and occasionally highly selective case against the old Hydro. Then I look at the New York Times and I look at what was going on at Enron. Most of the charges you've made about Ontario Hydro in the bad old days, I'm reading in the financial pages of the New York Times as recently as this past weekend. The point is simply this: that's a big player. They've got themselves into some real trouble, in part because they're playing funny games with big dollars and big accounts. Apparently, it has the potential to significantly destabilize that market.

I'm absolutely convinced that this will happen more quickly in electricity than it will in a lot of other places. What did the American government have to do when long-term capital management got in trouble? Let me tell you, the first place the captains of competition went was to the New York Federal Reserve: "You'd better do something because if you don't, there is going to be a dramatic and negative effect in the market."

So my question again is, accepting that there is a rationale for competition in the marketplace, particularly on the generating side, we do know, not just from the American experience—look at Britain in the 1990s, particularly the Major government, but even more recently the Blair government. I don't follow that as carefully as I should, but I think I'm basically correct that it seemed that the Major government, the cabinet of the former Prime Minister John Major, about once every three or six months had to take a direct cabinet intervention in the marketplace because the market had this great propensity to re-monopolize.

I guess the question I have is, we've got big business, really important business, \$10 billion. Boy, I expect a business with that kind of cash and that kind of juice is going to attract a lot of people, a lot of creative people, both in a positive and a negative sense. I guess my ques-

tion is simply this: are you satisfied that we have the kind of referee with the resources and the resolve to make sure that marketplace is as free and as open as it has to be to meet the objectives that you have established for it, given what we have been told by a lot of independent analysts in the United States and in Britain, that this is a market and a commodity that has some behaviours that are very troubling?

Hon Mr Wilson: Well, I'm not an expert on Enron.

Mr Conway: Nor am I.

Hon Mr Wilson: In a general response to your question, though, we have some very good people on the IMO—you know that; you've met with them—and they have the added benefit of going after many jurisdictions have gone down this road, and you cited the UK yesterday. I think they're doing everything humanly possible to try and get the rules right, and that's why there's a board there. If the rules need to be adjusted from time to time—and the deputy can explain the market surveillance panel in detail—then that's why they're there, independent of government, to do what's right for the system, and not what any political party might want them to do at any particular time, which did happen, as you know, to Ontario Hydro when we were buying uranium at three or four times the world prices. We were using it as a social agency, which also helped rack up its debts.

With your indulgence, and not to be combative, the department of the assistant deputy minister for energy, Judy Hubert, did a little analysis of the New York Times article regarding Enron, and perhaps it would be of some use. It's not my analysis; it's the department's analysis.

Mr Conway: Sure.

Ms Judy Hubert: The key features we found that are coming from their issue is they've been hit by some unsuccessful ventures into water supply and marketing of broad-band telecommunications. What we did highlight is that Enron's failure would not disrupt any energy supplies, because they're only a trader and not a producer, in any significant manner.

Mr Conway: This is very good. That's very comforting. That's the best news I've heard in a long time.

Let me come back to this. Bryne, do you want to comment on this regulatory question? I don't dispute that the Hydro we got in the 1980s and 1990s was not a very happy situation; in fact, it was lot worse than most of us realized. One of the reasons I want greater transparency is, as I was saying to the deputy before we began today, I think if the Legislatures and the governments had known—we should have known, and we look pretty stupid for not knowing. I go back to some of the testimony that my friend O'Toole and I heard in that 1997 report. For those of us who've been around a while to be told or to be shown that through the late 1980s and well into the 1990s—you've got some very senior people at what we now call OPG, you've got the federal regulator, about to close several of these operations down—good people. On one occasion, I think in 1991, I remember a phrase something like "We're embarrassed and humiliated at our ongoing inability to fix this problem." Let me

tell you, if that stuff had been on the front page of the Globe and Mail, or the Barrie Examiner maybe, something might have happened. I can tell you, there would have been a hell of a lot different kind of environment for the debate than there was. But most of us, naively, couldn't imagine that it was quite that bad.

What we did was we committed ourselves to a public utility that was going to be largely nuclear. By 1990, 60% of our installed generating capacity was nuclear. But what nobody ever talked about, I gather, was that when you've got a utility with that much nuclear, you can't take a strike, you surrender management, you can't run the thing, apparently, for a whole bunch of complicated reasons; you've got yourself a real mess. No question. But before we went headlong into that commitment, well and publicly endorsed, as I said yesterday, by big government, big labour and big business, with at least a couple of democratic sanctions—the one I remember specifically in 1981, I remember the centrepiece of a campaign that was very successful. I'm not complaining about that. In our system, that's important. But, boy, were we marketing goods the consequence of which we didn't seem to understand. So now, we're turning a corner. I accept all of that.

One of my questions to the deputy again is, given what we say we want to do here, do you think we've got a regulatory framework that is going to be tough enough and resourceful enough to meet the public-good objectives we've advertised?

1600

Dr Bryne Purchase: The short answer is yes, I do. I think this is a very crucial question, however, the whole issue of maintaining a competitive marketplace; an absolutely critical issue given that we're going to competition in this marketplace, away from the model of a self-regulated monopoly based on power at cost, and it determined what the cost was so that the consumer was ultimately completely at the mercy of that organization.

The new model relies on competition to produce efficiency. What's the regulatory framework around that? First of all, for the first time, ultimately it's not even a piece of provincial legislation, it's the federal Competition Act, which will govern competition in that marketplace. In addition to that, we have our own regulatory framework. The IMO has established a market surveillance panel, which is, I believe, a three-member panel, which is independent, obviously, of any of the interests in that marketplace.

Incidentally, the chair of that panel is Fred Gorbet, the former federal Deputy Minister of Finance and a PhD in Economics from Duke University.

Mr Wayne Wettlaufer (Kitchener Centre): Another professor.

Dr Purchase: He actually is a professor now at the Shulich School of Business. That's what happens to old deputy ministers of finance; they just—

Mr Conway: There were a couple of Nobel laureates associated with long-term capital management, too.

Dr Purchase: Yes. Certainly, there's no guarantee that an education will save you from mistakes of great magnitude.

The point I'm making, Sean, is simply to illustrate that there are people of integrity who have been in charge to undertake a surveillance function of behaviour in that marketplace, they are empowered by a number of rules in terms of access to information from all of the players—they can get whatever information they need in order to carry out their functions—and they're looking for inappropriate or anomalous conduct in that situation. If they find it and they make an annual report, and so forth—in terms of the state of competition and efficiency in this marketplace—they report it to the OEB and they can report it to the Competition Bureau, and the OEB has the power to modify or change licences accordingly and to fine, I believe, up to \$10,000 a day for contravening any—

Mr Conway: If I could just stop you there, Bryne. I know most of the people you're talking about, and they're very good people. I have a lot of respect for them.

But, again, if you look at the literature on this subject of regulating this kind of very dynamic market, one of the things you're told is it's very complicated and you've got some very big, well-resourced players, so that by the time the referee figures out that there's been some manipulation, the whole shebang has moved on to other things. Again, that's one of the reasons I found that Globe series on insider trading—I don't know anything about that stuff. I just read that and I kind of go, "Boy, early signals; very clear signals you'd think would have twigged somebody." It took a long time.

I remember 20 years ago the famous Greymac-Seaway fiasco. I'm sitting in this room kind of going, "These are smart people," and there were some bad cats that got into the pen and it turned out they did exactly what people said they were going to do; and they did it under our noses. They did it in one case in about two months' time, and, boy, did they leave us with a big bill.

In this case, let me use a very current example: I'm just a ratepayer. I'm an electricity ratepayer. I've been reading this stuff in the Toronto Star about direct energy, and I'm going to tell you I just shake my head. I know caveat emptor, and I won't bore you with Robin Harvey's piece of the other day, but she's got examples here. She may be wrong, but I'll tell you, the impression that was left at that end—and that, in a sense, is the easy end; that's just the easy stuff—is it's just the wild west out there, apparently. Hundreds of thousands of people have signed up for deals the contents of which they don't understand and won't understand until that painful day, Minister, when your market opens. Then, I suspect, all of us are going to have lots of phone calls.

And I read the Harvey piece; you've got some people—Mike Miller at one of the subsidiary companies to Hydro One—saying some very interesting things. You've got McKay at the energy board saying, "Well, yeah, it looks like there could be some code violations." I know you're not going to get all of these people, but having

played some sports, you'd think, "All right, I expect the referee is going to go out there and he's going to look for a couple of good cases and then throw the book at them." I don't get the sense that the book has been thrown at anybody.

If that is the case and I'm one of the cowboys or cowgirls, why would I change my behaviour? Help me with this, because there will be lots of people out there thinking that these well-educated, well-supported, good people in these referee functions are looking out for their interests. I have a feeling that when I get a few of these calls—I hope I don't get any, but I have a feeling I'm going to get some—irate people are going to say to me, "What the hell am I paying you \$80,000 a year to do? You told me that there was going to be some protection. You've got scam artists, some of whom actually work for companies owned by us." Should I be troubled by that, Minister?

Hon Mr Wilson: Yes, you should be. I don't disagree with much of what you said. Are you sure you're not a fly on the wall in my office? Actually, the deputy probably grew up in the same neighbourhood. I'm not the regulator. I don't phone the regulator regularly about individual details, because I'm the last guy in the world who's supposed to do that. You have more rights than I do. Having said that, I do make it clear in all my public pronouncements that we expect the regulator to do the very best he can. I think we are going through some growing pains now. The rules are being written. They're not all finished.

The fine regime is not Mr Laughren's fault. The fines haven't gone out yet, but that's in the final stages of being developed. Some of it is done, some of it isn't. They've been given a lot of work to do, as you know, and they're good people. Certainly in appointing Mr Laughren, not to put too much on his shoulders, it was very much part of the thinking of this government that he would understand the pressures that would come on the politicians when we go down this bold step because he served here for so very many years, and he would also be a great consumer protector because that was his public and private record for many years. So I think he and his people will do the best they can.

I don't like to hear, when representing the people of Ontario as the Minister of Energy for this point in history, that there are problems there. Certainly whenever I hear them, because I hear them too from time to time, I do bring that directly to the senior management and I expect them, on behalf of the government and the people of Ontario, to take corrective action. So I'd encourage you to phone—you know the numbers—but also let us know. With respect to the regulator, though, there is a process and we encourage people to phone there. The OEB has been advertising, and I think they're going to do the best they can to try and make sure that people are treated fairly within the rules that are established.

Mr Conway: I'll come back to this next round, but this business of utility regulation is very complicated. I've got a lot of respect for a lot of people, including

Floyd Laughren, but I've got to tell you, this is very detailed, complex work. I look at this and say to myself, this is the penny ante crowd. These are just the retailers at your door. Can you imagine what this must be like when you get the real sharks in the water, the people who have very well developed skills around much more complicated subject matter?

Back to that Globe and Mail article, the series last week, I've got some sympathy when you get very skilful people out trying to game the system, to misbehave. The literature is very clear on this, that there is a very great propensity in this electricity marketplace for people to abuse power, to game the system. There's a lot of evidence to suggest that a lot of regulation is ineffective because by the time they figure it all out, it is too late and the horse is long gone from the barn.

1610

The Vice-Chair: Thank you, Mr Conway. Mr Hampton.

Mr Hampton: I want to continue where I left off. You indicated yesterday that Ontario this summer, particularly during the months of July and August, because of peak demand, had to import power for Ontario consumers. Is that correct?

Hon Mr Wilson: Yes, sometimes we do.

Mr Hampton: Would you give us an indication in terms of the importation of power, how much would have been imported from Hydro Quebec or Manitoba Hydro and how much would have been imported from the United States? Do you have ballpark figures on that?

Hon Mr Wilson: Not off the top of my head, I don't.

Mr Hampton: You don't have any rough sense of it?

Hon Mr Wilson: I used to. I don't remember right now. OPG puts it in its annual report to the Legislature, and there's a dollar figure usually attached and a megawatt figure. I can't remember. The deputy has it here, just for the US, though.

Dr Purchase: What I don't have, Mr Hampton, are the figures for last summer, but we may be able to get those.

Mr Hampton: I'd be interested if you could get those, please.

Dr Purchase: Let me just give you the ones over the past—

Hon Mr Wilson: If all 20 reactors were running and if you'd looked after them while you were in office, I wouldn't have to buy power elsewhere.

Dr Purchase: I can give you the numbers for exports and imports to the provinces and the US states—

Mr Hampton: I'm just interested in how much power you think Ontario imported from US jurisdictions this summer.

Dr Purchase: Oh, this summer. Well, let me give you the historical numbers from the US. In 1998, we exported 5.68 terawatt hours and we imported 7.81 terawatt hours. We were net importers of 2.13—

Mr Hampton: Just so I'm clear, terawatt hours, how does that work out in terms of megawatt hours?

Dr Purchase: I'm going to turn to the—

Interjection.

Dr Purchase: Yes, it's a billion kilowatt hours; a thousand million, if you can figure that out. It is an increment of a thousand.

Mr Hampton: So 7.81 billion kilowatt hours. OK.

Hon Mr Wilson: It is hard to compare apples and oranges. Some governments had 20 reactors running. Some governments—

Mr Hampton: That's good. That just gives me a rough ballpark figure.

Dr Purchase: These numbers change around. For example, in the year 2000 we exported more power to the United States than we imported. The net was 2.53 terawatt hours.

Mr Hampton: The important point is, as you emphasized earlier, the current wholesale power price in Ontario is about \$47 per megawatt hour. I understand that there's something called the Pennsylvania-New Jersey-Maryland power hub—I believe it is called PJM—where the wholesale price of power in a deregulated market this summer went to \$1,000 per megawatt hour in American dollars, \$1,500 per megawatt hour in Canadian dollars, and that Ontario Power, in effect, was purchasing power at that price. Fair assessment?

Hon Mr Wilson: Nobody talks about the hourly spikes. You talk in averages. We have the averages here for the period that we bought power.

Mr Hampton: Tell us what those averages were from the United States.

Ms Hubert: In 2001, for Pennsylvania, the average was \$45 in January, \$46 in April, \$51 in July, \$32 in September, and in October, to date, it is \$29.

Mr Hampton: You're saying that at the Pennsylvania-New Jersey-Maryland hub, the PJM hub, prices did not, on the spot market, reach \$1,500 per megawatt hour.

Ms Hubert: This is the average.

Mr Hampton: But I'm asking you about spot prices. I'm asking you a very specific question, so I want your answer to that specific question, please. I want your answer on the spot prices. What were the spot prices?

Hon Mr Wilson: Well, go look them up, if you're going to be that rude.

Mr Hampton: All right. We'll take it from our US authorities that the price went to \$1,500 per megawatt hour at the Pennsylvania-New Jersey-Maryland hub if you choose not to answer the question. I'm told that these spot market prices would have meant consumers would have paid 37 times more for their power than they now pay, that the cost of power for a typical Ontario residential customer on a single day, Thursday, August 9, would have been nearly as much as their current costs for an entire month under our still-regulated system. Do you agree with that?

Hon Mr Wilson: Spot prices go up and down. A utility's bill, though, would be the average of the spot prices in any given period of time. That is a function of the market.

Mr Hampton: So you think that Ontario consumers on August 9, paying for power that day in the same

amount they would pay in a month under a regulated system, would be a good deal for consumers?

Hon Mr Wilson: I'll let the PhD in economics answer that.

Interjection: Or the guy with the degree in theology.

Dr Purchase: Maybe that's more appropriate, to have a degree in theology.

Hon Mr Wilson: God bless you. Go ahead.

Mr Conway: Although he is sounding more and more Jesuitical.

Hon Mr Wilson: I apologize, Howard. I just have a terrible cold.

Dr Purchase: Mr Hampton, the hypothetical calculation that you made, nobody's going to say that if it were to happen in this province, that would be a wonderful thing. But the point is, first of all, people in the PJM did not pay that for a month on their bill. That was a price that was hit in a very small part of their market. The way their market is designed, that certainly would not have—

Mr Hampton: Would you agree with me that in terms of spot market prices—let's just take British Columbia Hydro. I'm told they were able to turn over revenue to the government of BC last year in excess of \$5 billion and it was all made selling power into the Pacific northwest of the United States based upon spot market prices that went through the roof. You could make a lot of money based upon those spot power prices, and consumers must be paying a lot of money. Otherwise, I don't know where the money would come from. Do you?

Hon Mr Wilson: I suspect a lot of the power wasn't sold through the spot market. The PX went bankrupt in California. A lot of it was direct deals and there are lawsuits pending all around.

Mr Hampton: Yes, there are lawsuits about manipulating the market, taking advantage of consumers, all those things.

Hon Mr Wilson: So the BC monopoly that you defend progressively went into—

Mr Hampton: You defend private monopolies. That's what you're going to do to Hydro One.

Hon Mr Wilson: We're going to have competition and no one will have a monopoly, too large a portion of the market.

Mr Hampton: Did you not say yesterday you would be in favour of privatizing Hydro One? So you're in favour of privatizing those revenue streams, not keeping them for the people of Ontario. That's your position.

Hon Mr Wilson: No, I think we would have better revenue streams if people ran them more efficiently and then there would be more money to give to government to pay off the debt, rather than just going down the sinkhole.

Mr Hampton: As I look at how you have restructured Hydro, the debt stays with the public and the assets go to your private corporate friends at bargain-basement prices. That was disclosed in the Globe and Mail the other day. So the Globe and Mail was wrong?

Hon Mr Wilson: Yes.

Mr Hampton: Where were they wrong?

Hon Mr Wilson: We believe the Bruce deal, financial advisers—

Mr Hampton: Is it true or not true that British Energy can walk away from the deal in a couple of years if they don't think it is financially as viable as they want? Is that true or not true?

Hon Mr Wilson: It's true, and they will pay a penalty of—

Mr Hampton: Is it true or not true that after a certain number of years—

Hon Mr Wilson: —\$175 million.

Mr Hampton: —British Energy pays less and less, in fact, for the lease of those facilities? Is that true or not true, Minister?

Hon Mr Wilson: Yes, because the deal is structured—

Mr Hampton: Is it true or not true that the public of Ontario have to pick up the costs of the decommissioning of a nuclear facility, costs that we don't know yet, and the public of Ontario has to pick up the costs in one way or another of the storage of the nuclear waste? Is that true or not true?

Hon Mr Wilson: That was true. The federal safety commission would not have given them a licence.

Mr Hampton: Is it true or not true that your government basically has said that \$20 billion of Hydro debt, debt that your government when you built Bruce, when you built Darlington, when you built Pickering—\$20 billion of that debt is not going with the assets; it's staying with the taxpayers and the ratepayers of Ontario. Is that true or not true?

Hon Mr Wilson: You know how it's been—

Mr Hampton: Is that true or not true?

Hon Mr Wilson: You know how it's been structured.

Interjection.

Hon Mr Wilson: No, he doesn't want to hear any answers.

Mr Hampton: No, I want an answer. Is it true or not true? Yes or no? I've heard your nonsensical lectures. Yes or no, Minister? Is it true or not true? It sounds like a great deal for British Energy. It sounds like taxpayers and ratepayers in Ontario get hosed.

1620

Hon Mr Wilson: Howie, do you know the first thing about how a company is set up? Do you know anything about business and how the world operates?

Mr Hampton: Yes, I worked as a lawyer out there. I do.

Hon Mr Wilson: I don't know who'd hire you.

Mr Hampton: I didn't spend all my life working as a cabinet minister's assistant. I actually did work in the private sector, Minister.

Hon Mr Wilson: Good for you.

Mr Hampton: Yes, I did incorporate companies and I did help them deal with issues like this.

Hon Mr Wilson: Well, then, why do you ask such silly questions?

Mr Hampton: I want an answer to the question: yes or no? Did your company take \$20 billion of debt and load it on the taxpayers and ratepayers of Ontario; and, in your view, is that a good deal for the taxpayers and ratepayers of Ontario?

Hon Mr Wilson: No, the taxpayers and ratepayers had \$38 billion. The companies took their appropriate commercial share of the debt, and what couldn't be serviced in a normal commercial environment is still left with the taxpayers. I figure they saved a hell of a pile of money because they've got a smaller stranded debt than they did. That's why the Star was wrong and the Globe—

Mr Hampton: I just want it on the record that the minister thinks saddling the taxpayers and ratepayers of Ontario with this debt while he gives a sweetheart deal to corporate interests on the lease of these facilities is good for consumers. That's what you're saying.

Hon Mr Wilson: No, obviously not.

Mr Hampton: I want to ask another question about California, and this is also by an economist who says that when you add up the full cost of failed electricity deregulation in California, the total cost to California consumers, government, industry, lost production, may actually approach \$100 billion.

Hon Mr Wilson: I don't know. Go ask California. We're not California.

Mr Hampton: It was Jim Wilson who said three years ago that California was the example to follow in electricity deregulation. I've got that in Hansard right here, if you'd like to see it. You were the one who said that. Do you think a loss of \$100 billion for California industry, consumers and government is a good deal?

Hon Mr Wilson: Are we, Mr Chairman, to allow members to badger the witnesses? I mean, what kind of crap is this?

Mr Hampton: Do you think it's a good deal, yes or no? Tell me.

The Acting Chair (Mr John O'Toole): Mr Hampton, respectfully, we've raised the tone a bit. Please understand—

Mr Hampton: Vice-Chair, I'd ask you, can the minister either answer yes or no to the question? It's not a complicated question.

Hon Mr Wilson: No, the minister is not answering any more of your rude line of questioning. I've answered your questions many, many times, and I've certainly—

Mr Hampton: Mr Chair, could the minister answer yes or no to the question, please?

Hon Mr Wilson:—and the people with me who work for the government, the civil service, don't deserve this.

The Acting Chair: He has the right to respond, and that's really the point of the—

Hon Mr Wilson: I also have the right to say nothing.

Mr Hampton: So you refuse to comment upon whether this is a good or bad deal for consumers in California.

Hon Mr Wilson: I have answered. I've said it's a good deal.

Let me read from today's press release from the Power Workers' Union, because they're so ticked off at your criticism:

"The following statement is issued by Don MacKinnon, president of the Power Workers' Union.

"Recent critics of the Bruce nuclear facility lease agreement with a British Energy-led consortium are failing to provide important information that bears on the true value of the transaction for Ontario's economy and environment. When you add up all the public benefits of the Bruce Power lease, it would have been a good deal for Ontario no matter what the nominal lease rates were. Here are the main benefits to the province of the continued operation of the four units now on-line and the planned refurbishment of two others:

"—Several thousand high-tech jobs for at least the next 18 years and possibly longer. This is direct employment alone and does not take into account the significant multiplier effect of the private sector industrial employment.

"—The continuing economic health of entire communities in the Bruce region.

"—A major boost to Ontario's high-tech industries and their employment levels to supply hundreds of millions of dollars of material and expertise to the project.

"—The tax revenues to the public treasury from all of the above positive economic impacts.

"—An improved environment since nuclear power produces virtually no atmospheric emissions. Millions of tonnes of emissions will be avoided.

"Nuclear energy is a global industry and British Energy is one of the world's most experienced and successful nuclear operators. The lease of the Bruce facilities was an important milestone in the creation of a stable and vibrant electricity marketplace in Ontario. They are enhancing the value of this important public asset to the benefit of the entire province. Critics of this deal should step back a little ways and take in the bigger picture. It's a lot nicer-looking than the one they've been trying to paint."

That's dated today and it's off Canada NewsWire.

Mr Hampton: I have another question for you. Somewhat regarded as the bible of American capitalism, the Wall Street Journal pointed out in a recent article that 22 states in the United States are either abandoning or stopping their move to deregulate electricity markets; in other words, to open electricity markets. As they say in their piece, they're doing it because what they have seen in California, what they have seen in Pennsylvania, what they have seen in New York, what they have seen in Montana does not bode well for them.

Can you tell me why something that is regarded as the bible of American capitalism would be reporting that 22 states are now backing away from open electricity markets, from the deregulation of their electricity market?

Hon Mr Wilson: No, I couldn't tell you in a simplified, short answer, that's for sure. The department does provide me and others as best we can with regular

updates of where the various jurisdictions in the world, including the states, are at with respect to the various stages of, some call it, deregulation, some call it introduction to competition.

Mr Hampton: You're the Minister of Energy for Ontario. Would it not make you think for a moment when the Wall Street Journal—something that you would quote much more often than I would ever quote—reports that 22 states in the United States are either backing away or are in effect suspending their move to open their electricity markets? Would that not give you cause to inquire, "Why? What's going on?"

Hon Mr Wilson: Yes, of course we want to learn from those jurisdictions. But 25 states have either completed deregulation and introduced competition—at least, 25 states have passed the laws to do so, as we've done in the province of Ontario, so there's more doing it than not doing it. As I've said, we read the papers too. In fact, our assistant deputy minister is part of one of the North American councils. We do our best to learn from the mistakes of others and to keep abreast of the energy issues around us.

Mr Hampton: California was one of those states that went to an open market for electricity. What would your comment be upon learning that the governor there has signed a bill creating the California Consumer Power and Conservation Financing Authority? The CPA will have broad powers to construct, own and operate electric generation and power facilities, and finance energy conservation programs. That sounds like re-regulation to me, and also a resort back to public ownership. You were the one who said California is the model we should follow. That's what you said three years ago. Now California is re-establishing public ownership and very clear regulation of the industry. Does that not give you, as Minister of Energy, pause to think?

Hon Mr Wilson: I think I've explained my views on California ad nauseam to you. You're the only one who ever asks me any more. Perhaps the deputy would like to make a comment.

The Acting Chair: One minute remaining.

Dr Purchase: Mr Hampton, the point is, on all of these models or experiments that you've pointed to that have gone awry, everyone has analyzed them in-depth. We've taken on board all of the suggestions. We know exactly what we're doing. We're going to open this market successfully. It will be a success, mainly because we are not going to make the same mistakes that were made in those other jurisdictions as they tried to get to this model. You have to remember, too, that nobody's suggesting for a second that the model that we had was ideal. In fact, it was one we couldn't sustain.

Mr Hampton: Which model?

Dr Purchase: The model of self-regulated power-at-cost monopoly, where all of the inefficiencies of that were too painfully evident.

Mr Hampton: Would you explain to me how the model that Ontario's moving to under your guidance differs from the California model?

Dr Purchase: In a huge respect. The California model went awry—

Mr Hampton: Structurally, how is it different? I think we all know it went awry, but I want to know structurally, the model that you're moving to, how does it differ from California?

Dr Purchase: First of all, they did not have sufficient supply in the marketplace when they opened the market. That was probably the single largest design feature. But they also didn't have a market.

The Acting Chair: With that, we'll finish this and move on. We move now to the government side.

1630

Mr Wettlaufer: Thank you, Mr Chair. I congratulate you for being in the chair. It means that we'll have an opportunity to ask questions on this side.

Minister, I'll try to be a little more friendly and give you an opportunity to answer this question, unlike the previous member who was asking questions.

There was a timely article, I thought, in today's National Post entitled "Coming Around to the Sun Again," on solar energy. It was written by David Stonehouse. It is pertinent to my riding because of a comment made by Ian MacLellan, the president of ARISE Technologies in Kitchener. He was suggesting that Ontario should change our regulations so that owners of solar buildings who produce surplus energy or extra energy can feed it back to the hydro grid; in effect, running their hydro meters backward. He told a legislative committee last month that net metering laws are vital to adopting solar energy and that in the US nearly 40 states already have such legislation in place.

I don't know whether or not this is practical. I guess I'm asking you if it might be practical. I'll give you a copy of the article if you don't have it. Would there be a reasonable timeline to do something like this if it is practical?

Hon Mr Wilson: I think Assistant Deputy Minister Judy Hubert was assigned to this portfolio back in the market design stages. She'd give you a more fulsome answer. The short answer is, it is possible, and effort has been made to communicate that recently as a result of the article and other articles and comments from business. Judy will fill you in on what it is all about.

Ms Hubert: The Market Design Committee felt that having net metering capability was a very important concept, because the key functioning of an effective market is based on supply. We all know the cheapest, cleanest and easiest electron to produce is one you don't use. From that perspective, it is really important that we have devices such as net metering to be able to put as much power on to the grid as possible. They also felt it is important to understand that net metering does have safety concerns. We have to be careful of labour, because if they do not know where the net metering is, as happened during the ice storm when the power was coming back, workers were getting hurt, because they were not aware that there was power coming back on to

the grid. They thought it was off. That has to be taken into account to ensure the safety is there.

On October 12, the OEB issued a statement confirming that net metering arrangements are permissible in the new competitive market. We are going to be seeing how they do this. There will be a lot of work to be done on it. But at least it is very feasible.

Mr Wettlaufer: What would be an approximate timeline? I don't even know if you can give me a timeline; if you could, what would be an approximate timeline for doing something like this?

Ms Hubert: There are already projects out there doing that metering. One of the key areas we need to be working on is that net meters are fairly expensive. As we move to the competitive market and people see that this is an opportunity, we certainly hope that on the science and technology side they're going to be starting to make these cheaper. It sort of goes to what the minister said previously with respect to telephones. As there are opportunities, you move from the old dial phones to now all our fancy little cellphones.

This is coming. What we need to do is get the market open, and then we will be able to focus on moving more of this forward, because the local distribution companies will have to be involved in this, as will the generators, the transmission companies and the distribution companies. Everybody is going to have to work together on it, but right now the focus is on opening the market.

Mr Wettlaufer: When you say that the meters are expensive, do you have any idea of the cost of these? Would it be something that would be used only for commercial use, or would it be feasible for residential use?

Ms Hubert: What's expensive is the interval meters that will tell you when the power is expensive on peaks. That's the expensive part. The net metering is somewhat less expensive. I misstated; the two different meters. My apology.

Hon Mr Wilson: The only place I've seen them yet is in fairly large establishments where they have what I call "power managers," but I don't know what the—

Mr Wettlaufer: So then you feel—

Hon Mr Wilson: I've spoken at conferences a few times. I don't know what all the different names are. The first time I saw one was four years ago when I was in Alberta at one of the big CP hotels—I can't remember which one it was—where Steve West, the energy minister, was to be the noon speaker and I filled in. That was my first week on the job; I really knew a lot. That was their IPPSA conference.

A fellow from the basement of the hotel said, "Oh, Minister, you should see this." He had a laptop. He was doing his hour by hour. He could break it down any way you wanted. He knew his prices in one set and knew his demand and knew the price that he was paying every hour for electricity. He was able to inform the kitchen, and other people who use a lot of power, to modify their behaviour to try to keep costs down. I thought it was amazing. He was very proud of it at the time. They had a

small generator set up outside that one of the entrepreneurial generating companies was trying to promote. Part of the demonstration was that they would turn on the generator and you could see his little laptop graph just go right up as more supply came in. It was pretty amazing. All that stuff is going to happen, but I think it will happen over time.

Ms Hubert: There are communities doing it. For example, Waterloo and Collingwood are doing it now.

Mr Wettlaufer: Waterloo is doing it? Really?

Hon Mr Wilson: Yes. It is a service that people will seek out as they get more price sensitive. We never had to worry about it. If you were a large industrial and you had different rates, then you had to worry about it in the past, I suppose, but the average person didn't. Certainly in the UK it was something that came along later, in terms of people being able to modify their behaviour to get the best energy prices. As the assistant deputy said, we've been trying to get the market open. All these possibilities are going to be available. There are some people, the people talking to you and talking to me, who would like us to put all the bells and whistles in it right now. You leave yourself open to the possibility of making mistakes if you try to take on too much at once.

Other possibilities, green power and all that, will come along in a much bigger way once we get the market open. You always hear about the environment and environmental portfolios and other bells and whistles that people want us to put in this market right upfront. I always say to them that Clinton was the one who announced it, and in eight years he never did pass a piece of legislation to put it in. That means that a certain amount of your power would have to be produced and available to you in environmentally friendly ways. All of that will be possible. We've tried to stick with opening as pure a market as possible in the beginning, and net metering and everything else will come along. It is not prohibitive, and that's the message we'd like to get out, so thank you for the question.

Mr Miller: I have one question, which originates out of my riding, Parry Sound-Muskoka. I was meeting with a window manufacturer in Parry Sound, Ross Windows. They were concerned—and I'm not sure what agency of Ontario Hydro it was—that Ontario Hydro is getting into their business selling windows and competing directly with them. They also had some concerns about how it was occurring. I gather people were going door to door doing direct sales to people. Part of the sales pitch was that they could pay for these new windows on their utility bill over time. They did make a point of showing me the Yellow Pages under "windows" in Parry Sound. It did say Ontario Hydro or one of the agencies. I'm personally concerned, especially coming from private business, especially coming from a business in my riding that's certainly concerned about government competing with private business, as a defender of private business, especially in my own riding. They also said that the sort of prices we're being charged by this company were much higher than the prices they charge for windows. As

I say, I'm especially concerned with some form of government competing with private business. Perhaps you could tell me about that.

1640

Hon Mr Wilson: It's an excellent question. Can I put a personal plug in too? I'm highly insulted when Mr Hampton says I've never been in business. My family has been in business all of my life. I balanced those books, did the bookkeeping and everything. I pumped gas when I was seven years old, and I resent the fact that, because I chose public life, I wouldn't know anything about business. I was raised on the knee of my father, who was a terrific businessman.

Interjection.

Hon Mr Wilson: I didn't know the difference between premium and regular gas, and I was pumping it.

Mr Miller: Certainly, Mr Minister, on this side of the room it certainly seemed that the leader of the third party was in fact badgering you and was not giving you much opportunity to give thoughtful answers.

Hon Mr Wilson: Having said all that, my statement of self-sympathy—

Mr Conway: I think in law we call this the sweetheart clause.

Hon Mr Wilson: No, but that's a good question that Norm has—

Mr Conway: I agree.

Hon Mr Wilson: —because people ask all the time, because we're allowing—municipalities would be a good example; Hydro One is another example, which to me is just a large muni with a million customers. If Mississauga and Toronto had gotten together, they'd be bigger in terms of the number of customers than Hydro One. You're not allowed to cross-subsidize your retail businesses; you have to keep it separate if you're selling windows, broad band or whatever.

Then there's the natural monopoly of the wires, and we don't regulate their retail businesses. We, through the OEB, the regulator, regulate the wires business. If they're losing money on the windows or trying to sell them as a loss leader—that's why I was pumping gas at age seven, because it was a loss leader for our grocery store to sell gasoline out front; we never made any money at it—you can't mix the two businesses.

So that's going to take a while because we've got 91 local distribution companies, most of them owned by municipalities. Hydro One happens to be one big municipality. As I said, if they had done even more amalgamations, there would be bigger companies out there than Hydro One wires and Hydro One retail. I think it's going to take a little bit of education and a little bit of getting used to. Municipalities wanted to get into business and some of them will do a good job of it, some of them won't.

I think with the municipal councils, the same with government as a shareholder in Hydro One, you have to be careful when they're coming to you to say, "We want to get into this retail business. We're not going to mix it up with our regulated business." They have to make

responsibilities that they're not going into money-losing businesses and saddling the ratepayers of their municipality. It's something they have to be very much aware of.

What I have done with Hydro One, though, because I hear the complaints frequently—and things like forestry, services that Hydro One still has a monopoly on because they were the only ones allowed to do it in the past, or they wouldn't allow anyone else to do it in the past under the old Ontario Hydro. We are encouraging the management and the board of Hydro One as a matter of government policy to be competitive. In those areas where your costs are well above market costs, they're working with their unions and working through the labour agreements and trying, if they can, to divest themselves of those because it is unfair competition in that sense.

One thing that really bothers me is, there was a hospital that I think an opposition member brought to our attention. They said, "We'll be out in"—it was a long period of time, several months. "It will be several months before we can hook your new transformer up to your hospital."

They have a monopoly on it right now because of the safety of the system and all that sort of thing. I said to them, "I've been at you for a long time. Why can't you certify the local electrician so that he can hook the big wire to the little wire? What makes you guys so special? That should be a competitive service. You could become the little regulator if you want to make sure that no one's screwing up your main transmission lines and so on as they hook things into the distribution system and then into the transmission system, but you don't have any God-given right to have a monopoly in that business. You don't have a God-given right to have a monopoly on forestry."

I tell you, I'm your greatest champion with respect to pushing management and the board, and I hope to be able to report to you on behalf of the people of Ontario shortly that they're making some positive moves in that direction.

But one thing I did learn that I didn't really appreciate was the complexity of the labour agreements that have been put in over many decades. The book is pretty thick and in fairness to everybody who's part of those agreements you have to work through these, but I'm confident in more recent times that management and certainly the board are cognizant of the fact that they're in some businesses that others could do better and more efficiently and should have the opportunity to do so.

Mr Miller: Switching topics, I've been noticing in the papers the odd time mention of the ITER project. It certainly sounds like an exciting project with lots of possibilities for huge employment gains in the province. I'm wondering if the Ontario government is supporting that project and what we're doing to try to encourage it to locate here in Ontario.

The Acting Chair: There are two minutes left.

Hon Mr Wilson: The project is the international thermonuclear experimental reactor. We are very sup-

portive. The Premier in 1996, I guess, a few years back anyway, indicated government support in terms of saying we would contribute \$10 million a year over the 30-year life of the research. That was done very early on. I think we were the first government that I was aware of and certainly the ITER representatives were quite happy that we came forward.

There's also a list here that perhaps Judy could elaborate for us in terms of what Ontario Power Generation has agreed to try and win this international bid. I said recently at a function in John O'Toole's riding, where one of the preferred sites is, that this is the Olympic Games in research and we need to do everything possible to make sure we win the worldwide bid. Two hundred and fifty of some of the brightest physicists and minds in the world will come to work there and many will come to live here during the 30-year lifespan that it's expected the research will go on. That's the biggest reversal of brain drain that any jurisdiction could hope to have in one fell swoop. This project is well worth supporting and we did so at an early stage and continue to do so.

Mr Miller: Perhaps next time around we'll get to learn more about that project.

The Acting Chair: Starting for the Liberals, Mr Conway.

Mr Conway: I want to just pick up on something our friend from Bracebridge raised. I raised it with you yesterday, and I've brought the correspondence with me today, and that is, I was presented a few weeks ago—more than a few weeks ago now—with a number of independent electrical line operators, in Grey-Bruce actually, and they told me a story that was, sadly, almost predictably believable. In a nutshell it's simply this: that in this new competitive marketplace, what these small business people are faced with is two markets: a sheltered market controlled by Hydro One in which basically independents need not apply. They don't really like that, but they can understand that in a transitional period. What has them enraged, of course, is, guess who's now over on the other side of the fence eating the small independent's lunch? Why, our dear and good friends at Hydro One. They're not only there, but of course they're underbidding them, and why couldn't they? I've looked at the material; they seem to be sensible people. Small, independent business people enraged, saying that they're able, in the sheltered market, to operate on their own and certainly set higher rather than lower prices that, among other things, give them the opportunity to come into our market and underbid us.

For the record, Minister, can you just help me help these independent electrical contractors understand the fairness of this kind of market?

1650

Hon Mr Wilson: Well, where we would be concerned and the OEB would be concerned is if there's some gaming going on with respect to complaints of this nature with respect to the monopoly wires business. I'm going to ask Jay Young from the OEB to take you through, and

please keep in mind that we're at the early stages. Electricity was not regulated by an independent OEB in the past, Mr Conway, and we're trying to correct these problems by giving some teeth to the regulations.

Mr Conway: I understand all that. You can imagine, though, these are good people, some of them very well associated with your party, who say to me, "I thought this was supposed to be a competitive marketplace, at least part of it." When I heard their story, I thought, "Why doesn't this surprise me?"

Hon Mr Wilson: I hear that too, and I'm doing everything I can. We've put the laws in place to try to correct those things, and over time they'll be corrected. I'll get Jay to comment, if you don't mind, in a minute. But it's not in our interest to allow this sort of thing to continue to happen, so we're trying to clean it up.

Mr Conway: So beyond prayerful, good intentions, what have we got, I ask my friend from the OEB?

Hon Mr Wilson: While you were Minister of Energy, you didn't bring in an energy competition act to even this sort of activity.

Mr Conway: I was never a Minister of Energy.

Hon Mr Wilson: I'm sorry, I thought you were. My apologies. You should be sending your condolences to me. My apologies to you.

Mr Conway: I've only got 20 minutes, and I need my answer here.

Hon Mr Wilson: OK, Jay.

The Acting Chair: If you would state your name for the Hansard record, please.

Mr Jay Young: It's Jay Young, and I'm general manager of the Ontario Energy Board. Mr Conway, I think you're talking about Hydro One Network Services Inc. It's a non-regulated affiliate of Hydro One Inc. In addition to providing construction and maintenance services to Hydro One, it also bids on non-Hydro One network business.

Mr Conway: Right.

Mr Young: It's allowed to do that. Certainly, in setting up the regulatory framework, there was a recognition that there was the possibility of cross-subsidization of affiliates, and the board did put in place an affiliate relationship code that defines standards and requirements that must exist between an affiliate and a monopoly utility business. Specifically, it sets out a mandatory degree of accounting and financial legal separation between the companies, restrictions for sharing of services and resources so there is not cross-subsidization, limits on financial transactions between them and also rules for any transfer pricing, that they be on a fair market basis. In addition, for regulated distribution companies, private sector companies, we have a code called the distribution system code. It requires that there be mandatory alternative bid provisions. It allows all qualified private contractors to bid on any new construction work associated with a distributor, distributor customer connection and system expansion work.

Mr Conway: You're reading me the rule book. It's like the Harvey article. I know what it's supposed to be. I

don't want to spend too much time on this, but my friend from Bracebridge reminded me. I know what the framework is supposed to be about, and then I hear from people out in the field and they tell me stories. Unlike a lot of these bright, new people, I'm battle-scarred on this. I look and I see some habits and behaviours that look very predictable. I just don't want to see the temperance preacher falling out of the back of a saloon.

Hon Mr Wilson: Well, then, support us if we sell Hydro One. That's the only cure.

Mr Conway: Well, no. I'm just looking at what the—

Hon Mr Wilson: If the government continues to own the business, no matter how we set it up on a level playing field with a proper debt equity—

Mr Conway: But you didn't set it up on a level playing field. That's what's so outrageous. We gamed the rules in Bill 35. I don't blame the people of—

Hon Mr Wilson: We did not.

Mr Conway: We did.

Hon Mr Wilson: We did not.

Mr Conway: We did.

Hon Mr Wilson: We did not.

Mr Conway: Listen, I'm telling you, go back and look at the evidence.

Hon Mr Wilson: Go look at the capital markets. They gave those proper credit ratings.

Mr Conway: Go and look at what we did.

Hon Mr Wilson: Those companies were set up properly.

Mr Conway: Any one of us who's out there dealing with our local utilities—

Hon Mr Wilson: But as long as the government owns them, you're going to have—

The Acting Speaker: One speaker at a time, please.

Hon Mr Wilson: As long as the government owns them, you're going to always have the perception that it's the government's company.

Mr Conway: Jim, in the shadow of St Basil's Church, I want you to think about what you're saying. We have evidence.

Hon Mr Wilson: As long as the government owns them, there's always going to be the perception—we want to know about the reality—that, "The government underbid me because they're a big powerful company backed by the government." We don't back any of these companies either. They have their own boards. They take their own risks. They're companies. I think we should probably get out of this business, because you'll never get rid of the perception otherwise.

Mr Conway: I don't doubt that's the plan. I think the point was made yesterday.

Hon Mr Wilson: Who's championing that? Me.

Mr Conway: It's quite clear what Osborne said to us three years ago when we raised this very subject with him: in the business of hydro retail, it's big, getting bigger; it's either you eat somebody else's lunch or be prepared to be gobbled up by them.

Clearly, we are in a transition. There's no doubt about that. What really annoyed me—and this is a matter of

public record, and we had all kinds of testimony. Again, my concern about this is on the retail side, and in a moment I want to get to the critical questions of generation.

But it is scandalous, as far as I'm concerned, for the government, for the Legislature, to on the one hand say, "We're anti-monopoly; we want competition," and then to say on the retail side, "We are going to legislate, through a critical transitional period, a set of rules that are clearly going to tilt the game in favour of a bigger, not a smaller, hydro retail"—and I understand what you are saying—"for a period of time so that we can make it as big as possible and then float all or part of it." That's the game, clearly. But if that is the game, don't tell me that you're about temperance when you're really about drink. That's my concern.

Hon Mr Wilson: I'll tell you that because I just disagree with you.

Mr Conway: For 10 or 15 years there has been a good debate inside the Ontario government—

Hon Mr Wilson: You have a complete misunderstanding of the direction we're going in.

Mr Conway: —and elsewhere that there should be and there would be a consolidation in the retail sector. It was well known and well advanced. I remember in this room seven or eight years ago we passed that bill—I forget what it was called—to try to get a more orderly retail market. Then of course the players, the old Hydro and some of the others, just wouldn't play by the legislated rules. They just dug in their heels and nothing much happened. We really fixed that in Bill 35.

I'm not surprised at all to see this kind of behaviour. I'm a Hydro One customer. I understand there are going to be places in this province—every time I drive between Peterborough and Perth, between Kaladar and Dacre, I ask myself the question: whom do you suppose and which financial institution do you think would want to own and operate a utility out here? Not too many that I can think of. This is not as easy as it might sound, but when I meet these small business people and I see that and I hear my friend from Bracebridge say what he says, I'm not surprised.

Let me come back to one of my main concerns, and I'll start with the deputy because I don't want to get the minister too exercised. The key question in this debate has to be about generation. We've heard from the minister, and I understand what he's saying: compared to Manitoba, British Columbia and Quebec, Ontario looks pretty bad. To some degree, it does look pretty bad, because several years ago we ran out of our hydroelectric resources. Quebec, Manitoba and British Columbia have, relative to their domestic demand, considerably more of that resource. We went through fossil and then we made the massive, major commitment to nuclear 35 years ago.

It is fair to say that nowhere is it written that Ontario Hydro or the old Hydro-Electric Power Commission of Ontario was ever intended to be a monopoly generator. You can't show me that anywhere. In the beginning, what we know as Ontario Hydro was a provincially

sponsored transmission system that contemplated a mix of generators, and we had that for decades.

I always like to tell the story that the cost overruns at Queenston, Niagara, in 1916 and 1922 were precisely the same order of magnitude as they were at Darlington 70 years later. We own all kinds of what had previously been privately developed generation. I don't know whether anybody in the ministry—

Interjection.

1700

Mr Conway: We don't have time for that.

Hon Mr Wilson: I've read the same books.

Mr Conway: I hope somebody around that panel has read the book about Beauharnois, because it's a very cautionary tale.

One of the core policies in Ontario's energy and economic policy for the 20th century was energy self-sufficiency. That was a big part of the whole embrace of nuclear. There's just a tacit assumption that that doesn't matter any more, and I understand that.

Hon Mr Wilson: Energy self-sufficiency back then was that you were beholden to foreign banks for your bloody generation. So I don't know what kind of self-sufficiency that was. That's like the crazy notion of power at cost. It might make sense to some legislators. It never made any sense to me, because monopoly set the cost.

Mr Conway: Oh, I know.

Hon Mr Wilson: They're both silly statements, the way the system was run.

Mr Conway: Jim, I hope you're right, because you're being very—

Hon Mr Wilson: I know Hydro prided themselves on energy self-sufficiency.

Mr Conway: That's right.

Hon Mr Wilson: But I tell you, when you owe that much money, you're not self-anything.

Mr Conway: It didn't work out as intended. But my question to you is this: where's the generation going to come from? Yesterday there was a discussion here about reserve. We have 25,000, and we need 28,000. We're growing at 0.9%, according to the IMO, for the next few years.

I have a constituency which has about a dozen hydro-electric dams. You couldn't build any of those today. I'd love to see you try draping a big cement curtain across the Ottawa or the Madawaska Rivers. We built one as recently as 1973. Every time I look at it, I think, "Wow, can you imagine doing that?"

We're going to have to build thousands of megawatts. The tacit assumption of the current policy is simply this: that we are going to meet most of our new demand with gas-fired electric. Is that a fair assumption, Bryne, of what the basic assumption is? Give the minister a rest, Deputy.

Hon Mr Wilson: I think it's an observation. When people are making announcements about planned new generation, they're mostly combined cycle or natural gas.

Mr Conway: All right. Is there a piece of that that I'm missing? What else? Is it going to be natural gas? I'm not complaining about that. That does seem to be the operating assumption of most people: that a very large percentage of the new capacity is going to be gas-fired.

Hon Mr Wilson: Yes, some, but—

Mr Conway: The assumption is not "some"; the assumption is a very large percentage.

Hon Mr Wilson: The largest piece coming back on-line, though, is nuclear.

Mr Conway: That's right, but those nuclear plants—

Hon Mr Wilson: It will have the greatest effect on the market in the early days.

Mr Conway: But the average age of those reactors is probably over 20 years now, and certainly for some of those Pickering units, assuming a 40-year life cycle, we're getting into a period of time when we're going to have to start planning for replacement, presumably, and there are significant lead times required for most of these power plants.

Can you help me understand? From the ministry's point of view, looking as best you can into the short-term, intermediate-term future, by generating source, where do you see that future coming from? If you were doing a pie chart, Bryne, what would it be? Would it be 50%, 75% gas-fired? How much hydroelectric capacity do you see around? I see that we've got a fetching little windmill down at Pickering. Someplace in the Ministry of Energy there's a study that was done some years ago that the only commercially viable wind power in this province is up on the James Bay coast, and for obvious transmission reasons it's not likely developable, but then I may be wrong.

Dr Purchase: I think, Mr Conway, that there are more wind sites, and we may be able to get you that information. I know there's a Wind Power Task Force looking at that. I believe there are at least perhaps five megawatts of wind power available in the province. Maybe it's even more than that.

Mr Conway: You would agree with me that gas is going to be big—

Dr Purchase: Perhaps 100 megawatts. In fact, I may have seen a number like 100 meg. That's minor. In the great scheme of things, when you're talking about roughly 30,000 megawatts of capacity available now, 100 megawatts or even 500 megawatts is not going to be—you're pointing to a really important issue, not over the next 10 years but certainly beyond 10 years. The question of the future mix of electricity generation in the province of Ontario is an important issue.

My guess is that we will renew the licences on the existing nuclear plants. There's no question that gas is going to—because it is an environmentally preferred fuel at this stage. Maybe coal will have sufficient research to overcome some of the problems associated with the burning of coal. Beyond 10 years, perhaps even sooner, although I doubt it, we are going to have to address this question of, where is the next generation coming from? It won't be just all gas.

Mr Conway: But my experience with the private sector in this business—I go back 10 years, and one of the questions I want you to think about is the NUGs, the non-utility generators, which 10 years ago were going to be a big part of the brave new world. The last time I heard—what are we counting?—about \$4 billion worth of the stranded debt is now the NUG account.

One of the things I learned in the NUG agreements, if you go back and look at that Beauharnois case, is that for anybody who wants to get into this business, it is capital-intensive. They need a couple of things. Boy, are they going to want some long-term contracts. They're going to have to get them to get the financing unless they are an Enron or a Duke, a big corporate player.

One of my questions is, we are expecting private players to come into this market and do a lot of things: make those investments, take those risks and save government harmless from anything that might go wrong, like it did with Beauharnois—great engineering story, fascinating story. The market went south. Poor old Bob Sweezey was left holding the bag. He did what they'll all do. They will run to Sacramento, they'll run to Queen's Park, because it is about energy and electricity.

What I want to know is, what confidence do you have that you're going to be able to get the market in terms of new generation, given the risks that are associated with that and given the minister's oft-repeated claim that he does not want the taxpayer to be saddled with any of these obligations like the bad old days?

The Acting Chair: Just over a minute to respond.

Dr Purchase: The essence of the market is that the risk is on the private generator. The way they're dealing with that now, for the most part, is really clearly to build capacity which has relatively low capital costs upfront. It is gas, so that they immediately pass on the price of gas in the marketplace. If that particular fuel source goes up in price or down in price, the market reflects that. That's the strategy that's in the marketplace now. They're minimizing risk by building—you can build 500 or 300 megawatts of combined-cycle gas at a very competitive rate relative to other generation sources. That's one thing.

I wanted to correct the record. The potential for wind apparently, according to the Wind Power Task Force, is about 2,000 megawatts in the province of Ontario.

Mr Conway: The American experience on wind, however, is very clear that unless there are very generous tax incentives—using the American experience, Texas and a variety of places—it is a non-starter. If you look at the congressional debate around this, there are some very interesting things happening in the US with new wind capacity. But as I understand the literature, without very generous federal tax incentives, most of it wouldn't or won't happen. Is that your understanding?

Dr Purchase: I think that's true, but the discussion around net metering is a very interesting one. I think with some regulatory change and so forth, which we will get to in the fullness of time, you're going to get a lot more distributed generation in this marketplace. There are lots of those technologies which are going to be a lot more

important once people can effectively use the system, if you like, to store electricity when they're not capable of generating it.

1710

Mr Tony Martin (Sault Ste Marie): I don't have a whole lot of questions, but I want to come down from some of the bigger issues that have been discussed here with Mr Conway, and I'm sure the leader of our party when he was here, to focus on some local stuff for a minute.

I've been trying for a bit of time to get a meeting with you about an issue that concerns Wawa. I don't know if it ever got to you or not, but I've not been able to achieve it. I've been pushed off to the Ministry of Finance, suggesting that that's where it should be dealt with more effectively. It is a question of the change that was made in taxation for hydroelectric facilities. Great Lakes Power up in Wawa were given relief. Communities were promised that there would be a grant in lieu. I'm happy to say here today that they did in fact get their cheque. Mind you, it was quite a ways down the road and they had to finance a lot of their expenditure, which created some extra costs for them in interest with banking institutions.

I've been talking to them, and they're concerned about a couple of things; first of all, that they didn't get the same level of money they used to get from Great Lakes Power because apparently the property that transmission lines cross now is no longer counted. So they're losing some thousands of dollars to the community in property tax because of that. It is not significant if you look at a budget for a city like Toronto or Hamilton, but for a town like Wawa, where there are 4,000 people and they've been hit with the closure of Algoma Ore and the impact that has had, a shortfall of any money is really difficult on a community.

Since this bill was driven by your ministry and the change happened, if I remember questions asked or comments made by Mr Conway, in order to make for an easier transition to the private sector because there's no longer this requirement to pay property taxes by hydro facilities—it is impacting this community in a serious and significant way. First of all, they're not getting the money that they used to get for the transmission lines. They're short now because the cheque didn't come when they needed it and they've had to go out and finance. What am I to tell those communities? What kind of support should they expect from perhaps you in their effort to get what they were told they would get?

Hon Mr Wilson: I don't know. We are all shaking our heads. We don't know. You were well directed to go to the Ministry of Finance. I'm not familiar with those changes. I'm not trying to put you off. I don't even want to go down the road, because I don't even know what to say about it. We'd be happy to look into it for you. Somebody did mention to me you'd called—staff—and, "Did you call finance? They'd answer it." But if you bring it in here, we will endeavour to look into it.

Mr Martin: I appreciate that. I'm sure that the municipal council up there will be happy to know that you are going to do that. I take you at your word that you will.

There are two issues here. One is the fact that it took so long and the financing that the municipality had to do to carry the load, given the other difficulties they are experiencing.

The second, and this is an important issue for them because it has long-term ramifications: if they're not recognizing the transmission lines any more as property that was taxed and they are no longer getting money for it, then that will be an issue that will need some looking into and some responding to, because they'll be short.

Hon Mr Wilson: I'm just wondering, why Wawa and not the other 450 municipalities? I don't have any complaints. Whatever we did tax-wise for transmission lines would have applied across the province. I do have to look into it, because I don't know what the particular problem is.

Mr Martin: I can tell you, maybe it is because of the other pressures on that community.

Hon Mr Wilson: I have small communities too, and I'm sure I'd hear about it, but I'll look into that.

Mr Martin: I don't know why the other communities wouldn't be coming after you about it. I know that Wawa didn't get that cheque until about a week ago, and I know they didn't get recognition in that of the transmission lines as something they used to be able to tax Great Lakes Power for. Great Lakes Power was always a good corporate citizen, paid their tax bill on time and covered the cost of transmission lines as well as everything else. The community didn't raise a big—as a matter of fact, I didn't raise a big hoopla. I don't know if you remember or not, but this was a battle that went on for quite some time.

As a matter of fact, it affected my own community as well, because there were some properties in Sault Ste Marie too where Great Lakes Power felt they were being taxed at a higher rate than they felt was appropriate. They took it to the courts and they lost. I remember, when we were government, meeting with the finance ministry on this issue and Floyd Laughren dealing with it. At that time, the ruling was that they were taxed in the right category. The downside of that would have been a tremendous hit to the communities and the school boards at that time in the Michipicotin area and also in my own city of Sault Ste Marie.

It was through discussions then, I believe, with your ministry along the bill that was passed that has us on the road we are now, with the deregulation of Hydro in the province, that gets us to a point where Great Lakes Power no longer has to pay those fees. Our community, or Wawa in particular, finds itself in some financial stress because of the issues I just raised, so I'll be happy to go back to that municipal council and tell them that you have given your word that you'll check into it and see what the circumstance is.

Hon Mr Wilson: Absolutely. You've more than picked my interest, believe me.

Mr Martin: The other problem they indicate they're having as well, and this may be helpful to you in terms of dealing with perhaps some of your own small commun-

ities, is their fear that this foot-dragging that's gone on this year in terms of actually paying the bill will continue. What guarantee is there—in fact, in five or 10 years the government might just turn around and say, "We're not paying that grant in lieu any more." Any assurance you can give the communities—

Hon Mr Wilson: No. I just can't comment. I don't know the issue. No one on the ministry side even wants to guess, so you'd better let us look into it, Mr Martin, and see what it's about, because I don't know. As I said, they may have had some unique arrangement with the private company, Great Lakes Power, a franchise agreement or something we'd have to delve into that they were getting fees for or something. I don't know. I shouldn't even guess. So we'll find out.

Mr Martin: That's all the questions I have.

The Acting Chair: Thank you. The rotation will move to the government side.

Mr Wettlaufer: I'd like to pick up on something that Sean Conway jogged my memory on when he was talking about wind power and the only area in Ontario that it's considered sustainable, that being in James Bay. Four years ago, a parliamentary delegation went to Kiel in Schleswig-Holstein in Germany and we visited one of the world's largest manufacturers of windmills for wind-driven energy. Since that time, of course, we've seen numerous windmill operations set up in Alberta, in the foothills of the Rockies, and of course in several states this is taking place. But I recall at the time mentioning to one of the chief engineers there that it was unlikely in Ontario that we would have high enough winds to justify the investment it would entail to install these windmills. He scoffed at that. He said there's enough wind almost anywhere in the world to justify the investment. I wonder if you or the ministry staff would have any knowledge of that, whether that could be justified for commercial use or for residential use in Ontario.

Hon Mr Wilson: I'd make one comment, though. We have some very good people on OPG's board, and they're there to run it like a business. In fact, they've made significant progress in turning it into more of a business environment over there, and business decisions. When they build a windmill at Pickering, in partnership with the private sector, they don't do it lightly. There had to be a business case to convince the board that eventually this thing would pay for itself. It's the same with the investment they're making in the Bruce. You insult some of the best business people, the most successful business people, who came forward when asked to sit on the board, to think they didn't give proper scrutiny to these projects. We're not building them for social purposes; they're building them for business purposes. Part of that isn't always the bottom-line dollar case but also a slight mix of—they want to have green power to offer to customers, because the whole part about competition is to give people choice. People are going to demand more and more choice because of the environmental disclosure stuff this government has put in place. They're going to become more and more conscious of the emissions created in the production of the electricity they buy.

That would be my general comment, and then I know Judy wants to say a few words.

Ms Hubert: Yes, there are greater winds in the Rockies and on that western side; they are able to take advantage of those winds. However, we do have, on the leeward side of the Great Lakes, some good winds. The Wind Power Task Force is proposing to have their report out at the end of November, early December, which will be going through and highlighting for us what their analysis is on this whole wind issue. We're looking forward to seeing that report because they will be tying that in to the wind availability, the costs of putting up the windmills and just what they feel is needed in order to further advance this part of the industry.

Mr Wettlaufer: I wonder if I can change streams. If you don't want me to, you can say so. I'd like to talk about technology a little bit. It's a little near and dear to my heart, coming from Kitchener-Waterloo, the Technology Triangle of Canada. We have had tremendous technological growth in our area, high-tech companies like Research In Motion and Open Text and Descartes etc.; it goes on ad infinitum. There have been some recent endeavours that I think we were going to take part in or did take part in, notably at Wilfrid Laurier University and the University of Waterloo. I know that Conestoga College has been trying to develop something. I wonder if you could comment on what we did there, in an encapsulized version so I could take that back to the riding.

Hon Mr Wilson: You're calling on my memory. I can remember that one of the earlier announcements at Waterloo and Wilfrid Laurier—we'll start in Waterloo while the director figures out what we did at Wilfrid Laurier. This was a couple of years ago that we made that investment in the challenge fund. Waterloo's a world leader in encryption for the Internet, which I didn't know, actually, until becoming minister. In fact, they've done work for US military and highly information-sensitive organizations around the world. I know we invested in an institute that they were establishing there. I would have to get my list to refresh my memory. Do you know? You were at most of the announcements.

Mr Wettlaufer: But I can't remember them either. I need something of an encapsulated version.

Hon Mr Wilson: The S&T side of the ministry is scrambling at the moment. As I said in my opening remarks, we've done over 300 tripartite investments with the private sector, good institutions like Wilfrid Laurier, the University of Waterloo and Conestoga College, and the government through the Ontario research and development challenge fund. There are quite a few programs. In total, since we established these initiatives, really over the last three years because we went through the government processes and getting people in place like Dr Cal Stiller and others to judge the research to make sure it was worthy of public investment and private sector investment, \$220 million has gone into the triangle area, and there's a whole raft of programs here which I'd be happy to provide you. It's a lot of stuff. You've given me

a great opportunity to brag about it. A lot of announcements have gone in from all our programs: PREA winners, Ontario research and development challenge fund, telecommunications access partnerships. In fact, when we announced its successor, that was at Waterloo with GeoSmart and Connect Ontario, because the city itself, in terms of its portal access to all the services, was very advanced and had taken advantage of the telecommunications access partnership fund in the early years of that. Again, I think it would be best to provide you with the list of grants and we could discuss any particular projects that might come to mind.

Mr Wettlaufer: I appreciate that. Thank you very much.

Hon Mr Wilson: I just wish I had such a good local member, because I can tell you in Simcoe county there hasn't been \$220 million worth of research money invested, or in Grey. You're fortunate. I think the great thing about Waterloo—

The Vice-Chair: About a minute.

Hon Mr Wilson: If I could just praise them for a minute—oh, I'd better let you guys—

The Vice-Chair: Correction: that was 11 minutes.

Mr Wettlaufer: It's OK. You can finish.

Hon Mr Wilson: They have created over 100 different spinoff companies. Really, we took a page from their book in setting up ministry programs, I think it would be fair to say, trying to encourage the commercialization of research, which they have done so many times in creating companies, and making sure, as I said, that public dollars were well spent. So you should be very proud of that area of the province, and I know you are or you wouldn't be the member. That's all I have to say at the moment.

Mr Miller: Following up on my colleague's comments to do with green power, I think in Ontario, and certainly in my riding of Parry Sound-Muskoka, green power, green electrical generation, is something that people are becoming much more aware of. The environment is something that people are becoming much more aware of. I'm interested especially in how the opening up of the electrical markets might affect green power and wind, solar. We were talking the other day about biomass producing methane gas. How is green power electrical generation going to be affected by the opening up of the electrical generation markets in Ontario?

1730

Hon Mr Wilson: It's a whole new era in terms of green power industry. Correct me if I'm wrong, but the green power industry or alternative sources of power—the committee would know better, for the committee members who are looking at alternative fuels, I would think—but it's a very small percentage of the old monopoly system that we inherited. I think it's about 1.7% or something of power. I always use the example that the fellow who had a windmill on top of Blue Mountain in my riding could never make a deal with Ontario Hydro to sell his little bit of power into the grid, even though he thought he was making a terrific contribution. They weren't interested. He finally did

make a little bit of a deal with the local distribution company, Collingwood utilities, and whatever he didn't use for his house and his gentleman farm he would sell into the grid. The way they did it was that they took it off his net metering; they took it off his electricity bill that he otherwise would have had to pay them for power that he used above what the windmill generated.

It's a whole new era. It's an excellent question. There already are investments that have been made. I talked about biomass the other day. I don't know why we're centred around Waterloo; I'm sure there are great things in Muskoka and I'll brush up on that shortly. I never saw such a great plant. You could eat off the floor. When we officially opened the city of Waterloo-Toromont Industries private-public partnership—and that's the one where they're taking the methane gas off the city's landfill. You wouldn't even know it's a landfill on the other side of that berm. It's amazing. They will produce enough power, when they're up to full speed there, for about 8,000 residential customers, 8,000 homes. Otherwise, that gas would have just gone up in the air and hurt the ozone and been bad for climate change.

Mr Miller: That certainly sounds like a win-win situation. Is that actually an economic project? Is it going to pay for itself?

Hon Mr Wilson: I think it is. Certainly when you had the peak in natural gas prices, free methane looked pretty good—relatively free. That one's a go. They've had a few problems in Sudbury with distributing energy in terms of making a go of some of those projects, but the long and short of it is—and I'm sorry I'm sort of choppy at the moment but I'm dying of a cold. I would just say that it's a whole new era. The act has been written that nothing is prohibited at this point. If you can pass our tough environmental standards and get a licence to generate electricity from the regulator and one to get that electricity to your customers, then anything is possible.

Mr Miller: So there's a lot more opportunity for green power, for smaller operators, than there was in the past.

Hon Mr Wilson: Absolutely. I invite people to go to the Web sites. There's rather an incredible amount of projects. Of the \$3.6 billion, we listed all the announcements to date, and you've got biomass-wood waste, Thunder Bay, by Boralex, hoping to produce 22 megawatts—rather large. Let me just do the ones that are biomass—KMS Peel, Brampton, 2.3 megawatts, a \$25-million project. By the way, the biomass-wood waste project in Thunder Bay is \$35 million.

A wind farm by OPG, as you know, was part of it getting ready for the competitive market, a \$15-million project up in Kincardine; the \$3.5-million Pickering windmill; Otonabee Hydroelectric power in Peterborough, 100 megawatts, combined-cycle natural gas is 50 megawatts, and biomass is another 50 of that.

Landfill gas again in Suncor/Conestoga-Rovers, Brantford, a \$6-million project; biogas, Toromont Canada, composting in Newmarket, 1.6 megawatts; some natural gas, Waterloo and Toromont Industries—again,

the combined capital value of their landfill gas there is about \$12 million; wind, again by the Toronto Renewable Energy Co-operative—a \$1.3-million investment times two, because there are going to be two projects; TransCanada Power Services in Hearst—a \$120-million biomass project for 35 megawatts; Vision Quest in Prince Edward county—a \$50-million project for a 30-megawatt wind farm.

The simple point I would make is this certainly wasn't encouraged in the past. I have said on occasion, and I'm technically wrong, that it was almost illegal because if you aren't part of the clique—what did the president who stepped down call it? What was his name? Who was that? Anyway, if you weren't part of the electricity generation clique in this province called the old Ontario Hydro, they didn't want to see you and they sure as heck weren't going to let your electrons on their wires.

Mr Miller: Would there also be cases where industry ends up producing electricity—they're in the business of producing something—and they end up producing electricity as a by-product that they can now sell under the system? Is that something that's more possible now with the markets opening up where there might be I don't know what kind of industry, but maybe Alcan, which uses a lot of energy in producing aluminum, might be able to sell power back into the system or other manufacturing plants that also end up with excess energy that they can sell into the system? Is that something that's easier to do now?

Hon Mr Wilson: A good example of that would be in terms of cogeneration possibilities at the Sarnia plant. TransAlta's building a \$450-million, 400-megawatt—have I got that backwards?—plant that's well on its way. It's not the only one that's been announced, but they're building. They are in business with seven petrochemical companies down there, and they will use some of the fumes coming off the petrochemical process to combine that with the natural gas and burn it to heat the water to run the turbines. They're very excited.

As we go around the province, we don't have the naysaying that one particular political party keeps doing in the Legislature, which might tell you why they're at less than 10%. People are very excited about the possibilities. Really your imagination is the limit in terms of the technologies and that that will come on-line.

Mr Miller: It's very exciting and I'd better pass it on to these guys here, my cohorts.

Mr Frank Mazzilli (London-Fanshawe): I just have a couple of minutes.

The Vice-Chair: One.

Mr Mazzilli: One minute. I guess I will make it short. I want to thank you, Minister, for coming to London and taking the initiative for the biotech incubator, along with some other investments. We're all there for those types of things and probably this is something—do we have time tomorrow?

The Vice-Chair: Next Tuesday there's lots of time.

Mr Mazzilli: Next Tuesday. Perhaps if I can just ask: it would be nice to know, as members of this Legislature,

what discoveries are made with some of those investments, whether it's the Premier's research funds, the Lawson Research Institute, the biotech incubator. It would be nice to know. I know a lot of it is research money, but how much better off are we today for these investments than we were yesterday? If at some point we could get an update, that would be great, and I will stop with that comment.

The Vice-Chair: Yes. I know the minister will take this on notice and then, of course, on Tuesday respond to that.

We'll now go to the Liberals.

Mr Conway: Minister, does it concern you that our company, OPG, is getting into the wind business to the extent they appear to want to get into it?

Hon Mr Wilson: No.

Mr Conway: It doesn't concern you.

Hon Mr Wilson: No, given that it's not the taxpayers backing their investment.

Mr Conway: Well, the shareholder, but independently operated. The reason I say that—I mean, again, the green power point that's been made, there's no question there's a market out there; how much of a market, who knows? The evidence seems to be clear that to get a lot of this green power up and running you need very attractive incentives.

1740

Bryne, am I wrong? Do you guys read that differently than I do? Again, there has been lots of stuff written in the United States in the last year about some quite dramatic developments that appear to have occurred with wind. You know, we were into the wind thing 20 years ago, and it didn't go any place. Now we're into it a new round of it and it seems to be actually happening, a substantial capacity. I didn't bring the list. I think Texas alone is about 2,000 megawatts either on line or coming on line. But my memory of reading the material, and there was lots of stuff, is that virtually everyone on both sides of the fence said, "Without ongoing significant tax incentives, this stuff is not going to happen."

Is that your understanding of the American experience and does that give us any kind of indication of what might be required to get it up and running here?

Hon Mr Wilson: Yes, exactly. It's a very good example. The way I've dealt with it to date is I have not ruled out anything. In the future, if a government down the road wants to give greater tax credits to a particular green energy, then they can do that.

Mr Conway: In fairness, the American experience is national, federal tax incentives, not state and local.

Hon Mr Wilson: Yes, I know. I have been to about three major wind farms in the United States and they are very impressive. I would also note that much of the technology comes from Ontario. The new lightweight blades that will move with less wind are made in Ontario.

Mr Conway: I am personally very concerned and skeptical—not about wind power. I hope it works. I hope a whole bunch of this green power works. I expect a goodly number of people are going to want it and they

will be willing to pay a premium price for it. But I've got to tell you that when I hear that OPG is getting involved, I get very worried, because quite frankly the evidence of the last few years is we simply could not operate what we had. I'm not interested in encouraging—

Hon Mr Wilson: That's the mindset prior to establishing them as new companies. We're not backing them any more. They take their own risks. We're trying to run them like businesses. I can tell you that they're not making willy-nilly decisions. They're investing in the company. While they are obligated by agreement with the government to vacate the dominant position in the domestic market, our vision has been to not let them wither on the vine either, but don't give them an artificial hand up.

Mr Conway: Minister, I understand what you're saying but, God, I hope we've learned something. One thing I know for sure is that for as far as I can see, Her Majesty in right of the Ontario government is going to have a very real significant stake in Ontario Power Generation. As long as that is the reality—I'm not going to complain about that, because I envisage a marketplace in generation where there are a number of generators. To get a competitive marketplace you're going to need at least four or five significant players in an environment this big. I have no problem with OPG being one of those players, being a significant player.

I expect that we're going to have, as we've had for decades, private operators like Great Lakes, like Gananogue Light and Power, and a variety of others. If you're going to have a marketplace, you're going to have a marketplace, and you've got to bring new people into that market. I presume that a number of public utilities are going to want to get back into generating electricity, as they did for many years before we went Ontario Hydro monopoly some decades ago.

But I've got to tell you, I am very concerned, on the basis of past experience with OPG. When I saw Minister Witmer, I thought, "Isn't this perfect? Here it is again, another minister, another photo op, a great big something or other," and on that day of course the wind didn't blow. I thought maybe there was more in that little image than I want to understand.

My other questions have to do with the market in this sense. Somebody mentioned earlier the environment. Let's talk a little bit about that. What I want to know is, how does this market, as you see it, properly calibrate and factor in environmental considerations? For example, in the short and intermediate term one would not have to be Albert Einstein to come to the conclusion that cheap coal from the Ohio Valley is a relatively fast way to get electricity. The problem with that of course is it produces some not very nice side effects that people like the Ontario Medical Association have warned us about.

What specific measures would you say to the general public that your department and your government will have in place when this market opens, presumably in six months, to ensure that the people particularly of the Golden Horseshoe are not choking and gagging on air

that is increasingly polluted with fossil-fired electric plants?

Hon Mr Wilson: It's not true that it's increasingly—we've spent over \$2 billion in our time in government improving the air quality at our plants. We've made the commitment to convert Lakeview. We are a small percentage of the smog problem, but we were the only industry that actually had to report, that was capped, with the announcement of last week from the Minister of the Environment. You'll now be able to compare industries in this province and it won't all fall on the shoulder of the five fossil fuel plants.

Most of the smog problem in Toronto comes from automobiles and it comes from the United States. We're less than 10% of the problem, but we get 100% of the blame.

You mentioned the Ohio Valley. There are 205 coal plants versus our four and a half—or four, I guess; Lennox is natural gas and oil—in our air shed. You fly into the airport as often as anyone, and—

Mr Conway: No, I don't, actually.

Hon Mr Wilson: You might have at one time in your life. Maybe you're just completely blind to the whole thing, but the fact of the matter is you can see the prevailing winds. When Lakeview is running it's going across the lake and up the other side of the lake with the US smog coming up. Also, our emissions—

Mr Conway: My question is a specific one.

Hon Mr Wilson: It's very specific. Those are specific measures. We have said as a government, and measures were introduced, again, last week by the Minister of the Environment to bring in the toughest emission standards in North America for those plants. I'm so grateful that the Environmental Protection Agency keeps making speeches, but Mr Clinton didn't pass any legislation during his eight years. So we have said—the Premier has said it, it's the policy of the government—if that's the belief out there, we will meet or exceed anything that the EPA throws at us. They may be a while yet before they do anything, but we're actually doing it. As you know, SCR scrubbers were also announced as part of the announcement last week to make a further improvement, and then there's the Drive Clean program.

To make it absolutely clear, because one of our principles of the market opening that has to be met is environment, we're putting in place the toughest regime in North America for electricity production. We have the cleanest electrons as a mix. A lot of that has to do with a practically zero-emission nuclear plant.

The fact of the matter is that when I go to these conferences, people don't say in the room what they like to say in the media. They realize that our emission standards are the toughest. They just got tougher, and we'll continue to do that because we care about the air quality in this province.

Anyone who wants a licence to generate electricity is going to have to meet the tough new standards—not speeches given by some bureaucrat at the EPA—standards that are being introduced in legislation in this

Legislature that will hopefully be passed by this Legislature.

Mr Conway: So it is your submission to this committee that going forward the rules already announced will be sufficient to ensure that any existing or new entrant into that marketplace will have to produce electricity against the backdrop of the most rigorous environmental protection rules in continental North America?

Hon Mr Wilson: That's the direction we are headed and we think—

Mr Conway: That's not the direction—

Hon Mr Wilson: I'll put our electrons against anyone's in North America.

Mr Conway: I'm reading the fine print here. What's the policy here?

Hon Mr Wilson: That's the policy.

Mr Conway: The market is going to open next May; next spring, let us say. If I'm the ABC Electrical Generating Co and I'm looking at the Ontario market, do I now know all that I need to know about the standards that I'm going to be required to meet?

1750

Hon Mr Wilson: The good news is—

Mr Conway: The answer to that was yes, in detail?

Hon Mr Wilson: You know all the standards? You have—

Mr Conway: No, this is not a trick question. I just want to know the rules.

Hon Mr Wilson: They've been posted on the EBR, the environmental registry. We've had a couple around, some of them. Environmental groups, government, the private sector: we've been meeting for the entire time I've been minister, constantly. The Ministry of the Environment has been doing their part to improve the sector. We've also been spending the dollars.

Mr Conway: What is the current plan at the Ministry of Energy for the disposition of the wastes that are generated at Darlington, Pickering and Bruce NGS?

Hon Mr Wilson: The ministry has to be guided by the federal government on that. I wouldn't pretend to think what they're doing about it in Ottawa.

Mr Conway: But if you met a constituent on the main street of—

Hon Mr Wilson: I always tell them there was a proposal—I don't know why the federal government won't approve it—to deeply bury nuclear waste. It had been approved and passed the federal environmental assessment but they didn't have the political courage to do it. The same thing happened in the United States on a Colorado mountain. They were hoping Clinton would do it on his way out, and he didn't want to do it either. So I don't know how many environmental assessments and how many decades you have to go through this.

Mr Conway: Just calm down; the question is a straightforward one. We operate the biggest nuclear system in the country. We are generating a very substantial amount of nuclear waste. Going forward, we certainly plan to rely on those baseload plants to carry a

very substantial portion of the load. So my question is a simple, straightforward one.

Hon Mr Wilson: And I gave you an answer, period.

Mr Conway: So it is the plan or the expectation of the Ontario Ministry of the Environment that the federal government will move forward with a—

Hon Mr Wilson: It's not our call, Sean; we'd have done it. It's the federal government's call. It's the government and the regulator. I'm just giving you my opinion on it, which is all I can legally do.

Mr Conway: Can anybody in the panel there give me a late report as to what the current thinking, as you understand it, of the federal regulator and the federal government is on that matter?

Hon Mr Wilson: The federal government has gone out and set up a nuclear waste management board or whatever they're calling it now. The deputy will fill you in. Ralph Goodale gives me his personal assurances that this isn't just another bunch of road trips for another couple of decades, that they will eventually come to a conclusion. I suspect they'll come to a conclusion very similar to the one that preceded my time as energy minister. But there is a process in place. They did bring in a new act that put that process in place, and more power to them, because I think people want to know there is a solution. I would say we're not unique in the world. More and more plants are being built all the time, as you know. Japan and China and other parts of the world are in the same boat. That's probably all I should say about it.

Mr Conway: Can I move quickly? There's very little time. I appreciate the answer.

I want to move quickly to a couple of final items. One, the non-utility generators: can the deputy or someone there give me an update on what the current state of affairs is with the so-called NUG account?

Hon Mr Wilson: I can tell you the general policy and I think fill in the details.

Mr Conway: One of the things that astonished me, when we looked at those dead assignment numbers a few months ago, was that there was a figure that I think was something in the neighbourhood of \$4 billion to \$5 billion assigned to the so-called stranded debt account because of the NUGs. I've been hearing through the grapevine that there have been interesting debates going on between the owners of the those NUGs and Her Majesty's government, through the Ontario Electricity Financial Corp. Since that was something of a panacea 10 years ago, after being around a while, just every 10 years you get the chance to look back on the last round of unalloyed goodness. This one certainly appears to have laid a few eggs along the way that weren't advertised. Just for my information, could somebody give me an update as to what the current situation is? How are we showing that on our books today? What kinds of negotiations that you could comment upon have been going on? What, if anything, have we learned from the NUG experience?

Interjection.

Mr Conway: That's a serious question because, boy, we're a bunch of generalists on the jury and we're buying a lot of good faith here. This was the good faith of 10 years ago and it turns out to be something other than advertised.

Hon Mr Wilson: I'm going to give you the general policy—no. You go ahead.

Dr Purchase: I think the NUG contracts are really a good example of what was wrong with the old system that we were involved in, where the government ran the monopoly and the monopoly entered into contracts with generators that were clearly, by anybody's standard, perhaps even then but certainly in retrospect, way too generous. The reason we have stranded debt associated with those contracts is that under just about any forecast of future prices of electricity in Ontario, these contracts would be in excess—

Mr Conway: But am I right on that? Is part of the problem that they were overly generous? The only way those developers could get financing was fixed, long-term contracts with a utility, but particularly a big one. Is that a fair statement?

Dr Purchase: Historically? Because you couldn't sell power to anyone except Ontario Power Generation.

Mr Conway: What I remember about the NUGs is people saying to me—because I talked to a number of these; some of them were bigger than others. Invariably they said, "The financial institutions won't talk to us unless we get a long-term contract from Hydro." In that sense, it was Beauharnois 50 years later. The banks just wouldn't look at those. The reason I'm interested in the NUGs is that they were small and it was then. The assumption today is that we're going to have new players who are going to be able to go to the financial institutions and answer those questions without anybody from big government signing on, directly or indirectly. That's why I'm interested to know, am I right in remembering that that was a real issue, that they couldn't get the money to develop the projects from the financial institutions unless and until they got long-term contracts? It was those contracts they took to the bank.

Dr Purchase: I have no doubt that the banks would prefer such contracts. But I honestly don't know whether everyone was in that situation where they had to get a long-term contract, otherwise they couldn't develop the generation capacity. My understanding is that some of the generation capacity was already there and devoted to other purposes and then became available to Ontario Power Generation.

Mr Conway: And the current status of the NUGs? We've got about \$4 billion in stranded debt. How is that being managed, generally speaking?

Dr Purchase: There are a number of features to those contracts that don't make sense in a market environment. They refer to some features that are going to be history now with respect to the relationship that these non-utility generators had with the old Ontario Hydro. So there have to be and there are ongoing negotiations with those contractors to get changes to the contracts. The government is committed to honouring the contracts, but there are

some details, perhaps even more than details, that need to be ironed out.

Mr Conway: Last question, because my time is out, and I appreciate the answers: somebody here earlier today was talking about the Wall Street Journal. I was really struck by an article this summer in Barron's called "Too Much Power?" I don't know whether anyone has seen this; it was August 6, 2001. It was a very lengthy article. The position is put that a lot of this merchant power that's being talked about is not going to be built. Again, what comment do you have at the ministry level, looking ahead over the next few years, as to what likelihood there is that there's going to be excess capacity on our borders and places like New York and New England and Michigan?

The Vice-Chair: A very short comment, because your time is nearly up.

Dr Purchase: I think certainly in the Michigan market and related areas, ECAR I think it's called, there looks to

be developing a surplus or excess supply. In a number of US markets, people have rushed in as a result of high prices or anticipated high prices, and suddenly prices are going down dramatically in those markets and probably will go down dramatically. Even in California there's been a substantial addition to supply in a fairly short period of time. Coupled with conservation measures and some good weather, they have a much-improved supply situation there as well.

My sense of the marketplace is that a lot of people are beginning to have second thoughts, if they have not already put the shovel in the ground, given the current economic climate and so forth. Those are more iffy projects, if you like. Anything with the shovel in the ground is most likely going to go ahead.

The Vice-Chair: Thank you, Deputy. We stand adjourned now until Tuesday.

The committee adjourned at 1800.

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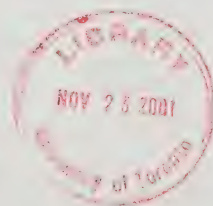
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Standing committee on estimates

Ministry of Energy,
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 6 November 2001

Mardi 6 novembre 2001

*The committee met at 1612 in room 228.*MINISTRY OF ENERGY,
SCIENCE AND TECHNOLOGY

The Chair (Mr Gerard Kennedy): If we're prepared to start, the first order of business we want to discuss is a matter for the committee. The ministry has two hours and 20 minutes. We don't have, because of the developments in the House today, sufficient time to complete that today, so I'll put a couple of options before the committee.

One is unanimous consent to stand down the final half-hour in order to allow this ministry to be completed and economic affairs to come in. Alternately, we could continue and have the ministry come back for what would be half an hour.

Another alternative that has been done by this committee before is that sometimes the government side stands down some of its time and thereby allows the ministry not to have to come back.

I'm going to open that very briefly for discussion. If there's some consensus, I'd hope for some very limited discussion about these options to help make us perhaps more efficient tomorrow.

Mr Steve Peters (Elgin-Middlesex-London): I would say we're prepared to co-operate. The last half-hour is generally an opportunity for the minister to wrap up. If he's prepared to forgo that and if we can come to some consensus among ourselves—

The Chair: I think in this case, Mr Peters, we're looking at each of the parties in rotation perhaps dividing that half-hour. Is that where we're headed? What we're looking at is we'd have to adjust the rotations for each of the parties in order to make this work. We have about 100 minutes for the parties in normal 20-minute rotations, and then five minutes left over that would be divided up between the three parties. So that's what we're looking at. If each of the parties would then agree to take a shorter session, probably the last session would be roughly half time. So that's what we're asking.

Mr Peters: As long as in the end the time has been split up equally, I'm certainly prepared to agree with that.

Mr Wayne Wettlaufer (Kitchener Centre): I think maybe we would just wrap it up at the end of today and not have the minister come back for that last half-hour. I'd like to make that recommendation.

The Chair: All right. I don't have the third party here, and I apologize to them, but I think, subject to their variance, we'll go forward with that, and I'll check with them when they come back.

We also now, I believe, have a motion to change the rotations. Is that correct?

Mr Jerry J. Ouellette (Oshawa): I move a motion that at this time we exchange speaking positions with the third party, just until they return, because of the lateness of the start.

The Chair: I'll put that to the committee. All in favour? None opposed. We'll do that and we'll start with the government party.

Mr Norm Miller (Parry Sound-Muskoka): Last week, I had asked about the ITER project and the significance of that for Ontario. I understand it's a huge project that could be of great benefit to this province. I was wondering if you could continue to tell us some more about that project. You didn't have much time last week to talk about it, so perhaps you could fill us in on the project and what Ontario is doing to try to get it.

Hon. Jim Wilson (Minister of Energy, Science and Technology): Sure. Thank you for the opportunity to continue the thoughts I had last week on it. The international ITER fusion energy project would be the biggest advance forward in several centuries with respect to the production of electricity. It's a 30-year research project with the hope that some day fusion will become a viable energy source for the future. We've committed as a government \$10 million each year over the 30 years of the project, plus significant money and resources from Ontario Power Generation. I might ask the deputy to expand on that and perhaps give you an update on how we're doing with respect to the worldwide bid. Do you want to comment on that?

Dr Bryne Purchase: Yes, thank you, Minister.

The ITER project, as the minister mentioned, is an international project. Currently, the European Union is participating. France, I believe, is the principal possible alternative site for the ITER reactor. Japan is also participating, along with Russia. The United States was a participant and dropped out, and now there is a chance that the US will rejoin, which is quite advantageous from our point of view; that is to say, in siting this project in Ontario at Clarington. The minister and I visited MIT, where we met with some of the world's foremost fusion energy scientists. They were very keen on Ontario as a

site for this international project, so we think, if the US gets re-engaged in these negotiations, that this will enhance our bid.

The project is a \$12-billion project, with a huge construction phase initially which would create 600 jobs each year. Roughly 250 scientists would be working on-site. This, of course, would be an enormous concentration of scientific talent in a single location and would go a long way to serving not only ultimately perhaps our long-run energy interests and needs, but our immediate innovation objective as well in terms of having that many scientists and engineers and research students and so forth located at Clarington.

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Clarington itself is rather interesting because it's a perfect site, really, and it is far and away the preferred site of the ones we know of that are currently in the competition; at least from our perspective it is. But certainly it has a lot of natural advantages. It has a deep-water port. The Tokamak reactor itself, the machine in which the reaction takes place, will be largely imported. It has to be assembled in other countries and then will be brought in pieces into our site. In addition, our site has an ample supply of electricity, which is essential to get this reaction going. We have as well tritium, which is a by-product, as you know, of the Candu reactor. We have, through OPG, committed to supply tritium free of charge to this experimental reactor. So it's a perfect site, with all the prior clearances and approvals needed for such a site, the deep-water port, the tritium availability.

Also, heavy water, I believe, is an important part, because it's a hydrogen atom from the tritium as well as the heavy water which are fused. So all of these things add up to a terrific economic opportunity for the province of Ontario, should we land this important project.

Mr Miller: Thank you, Deputy. What countries are involved in that project?

Dr Purchase: The principal countries currently are France, Japan and Russia. France is participating through the European Community, I believe. As I say, there is a very good chance that the United States will re-enter. Canada is not formally a member of ITER, but we are putting forward our site as a location for this project.

Hon Mr Wilson: Your question is timely, because this Thursday we host a reception and dinner for the ITER international committee, a good opportunity once again to plug Ontario as a preferred site.

Mr Miller: It certainly sounds like the Clarington site has a lot of natural assets, and it would be great to get that \$12-billion project.

Hon Mr Wilson: It's got a good MPP out there too, if I recall the last time.

Mr Miller: I have one question to do with the actual estimates. On page 8, just to help me understand the budget for the ministry, it looks like the budget amount for 2001-02 is \$200,448,252. The actual money spent, if I'm reading this correctly, is \$649,231,845. Maybe someone could just explain the number. It seems from one year to the next it's changing dramatically.

Hon Mr Wilson: I'll get the assistant deputy minister, who does our finances, to explain it, but it has a lot to do with the way the programs operate and the partnership funding that we're involved in.

Ms Judy Hubert: The ministry puts a significant emphasis on leveraging funds from our program partners. This takes time on behalf of the partners in obtaining the private sector money. We do not flow the ministry money until the organization has obtained the private sector funds. We want to make sure that the funds are spent in the best manner possible and that the partners' money is committed and on hand.

What happens is that our commitments are based on approved proposals that are submitted. Following approval, there is a contract negotiation process that is undertaken with all the parties, and the applicant institutions are required to provide proof that they have the private sector commitment. That, in turn, takes time to have it organized, and the government ensures that it does not flow the money to these institutions until the partnership contributions are in place. Contracts are then monitored throughout their lifetime to ensure partner contributions are made. If anything needs to be done, corrective action is then undertaken.

Mr Miller: Do you have the numbers from page 8, just to go through that and just explain it a bit to me, please?

Ms Hubert: The money is related to a one-time Ontario innovation fund amount of \$500 million. So that's really the big amount of money there. Then the other part is \$50 million for the Ontario Cancer Research Network, which was not spent in one year; instead, this was profiled and calendarized over the next three to four years.

Mr Miller: Thank you. I'm sure some others have questions, so I'll let them go.

Mr Ouellette: I have a question in regard to natural gas production. According to the Alberta energy board, natural gas production will peak by the year 2003 and decline by 2% for the following five years. The US energy board claims that by 2015 there will be a 45% increase in demand for natural gas, yet only a 2% increase in supply. The new pipeline from the north should only replace the current demands, according to what's showing statistically—or the information that's passed on to us—and should not come on-line until 2008 or 2010. How are we going to handle the changes in natural gas, being that they had a major price increase in the past year, and what do you expect the future is going to be for natural gas?

Hon Mr Wilson: I think it was brought to my attention by some of our members—and perhaps you could enlighten me a little further—that there was some evidence before one of the legislative committees recently. When it was suggested by some people that we should convert our fossil fuel or coal-fired generating stations overnight to natural gas, an expert from the natural gas industry, whose name escapes me at the moment, asked the legislative committee: "Where would you get the gas

from? We couldn't supply that amount of gas should it be called upon."

What were you looking for? A forecast of gas pricing?

Mr Ouellette: What's going to happen with natural gas? I'm sure all the other members receive a lot of calls, as we do, with regard to the price increase. What are we expecting in the future if supply and demand are not met?

Hon Mr Wilson: We'll give you our forecast as best we can at this point.

Ms Hubert: There are two other sources of gas that are expected to be coming on stream. There is the option of obtaining liquefied natural gas. That is expected to increase—

Mr Ouellette: Is that gas hydrates?

Ms Hubert: It's LNG, liquid natural gas. Then, we certainly expect more exploration. In addition, we have some forecast from Canadian Enerdata Ltd in which they say the annual Alberta Empress border price for 2003 would be \$3.72 per gigajoule, \$3.54 in 2004 and \$3.37 in 2005.

Mr Ouellette: Are we on line for that?

Ms Hubert: I'm sorry?

Mr Ouellette: Is that what we're expecting, or is that just what we're being told by the industry?

Ms Hubert: That's what Canadian Enerdata forecasting company is proposing.

Mr Ouellette: What did they forecast last year? Did they forecast those increases, or do we know?

Mr Rick Jennings: I guess what has happened with natural gas prices in the last year or so has illustrated how responsive both demand and supply are. When the price went up significantly over the last year, there were demand-side responses. Industry switched to other fuels. You had the great increase in exploration, so there is now the expectation that more gas will come on-line in western Canada.

There are, as you mentioned, the Arctic gas pipelines. There's the potential for both the Mackenzie delta on the Canadian side and the Arctic. There are also potentially more reserves in the Gulf of Mexico. At a certain price, more of this will come on.

I guess in the US, when people were looking at what the price would be, at some price—and it's not much higher than current prices—you could bring in liquefied natural gas from places like Algeria and Venezuela, where currently the gas is just flared because there's no use for it.

There is certainly going to be an expected increase in demand. There will be some offsetting. If the price goes up too high, some of that demand will go off. But what's basically seen is a potentially huge supply of gas that currently isn't being used elsewhere. That would happen in the US if prices reach—lower than they were last year.

Mr Ouellette: OK. Mr O'Toole has a question if there's time.

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Mr John O'Toole (Durham): I have a quick question. I hope it isn't a complicated one; I've kind of posed it before. In the May 2001 financial statement, they

talked about creating the Ontario EFC fund, and they talked about stranded debt. First of all, I want to be on the record as saying—I think there's about \$19.7 billion of stranded debt—I guess if they sell off assets, coal or whatever kind of assets as they downsize generation at OPG, that revenue is committed to pay down that stranded piece. That's the first part.

The second part is, it's my understanding that the OEFC debt will be retired from within the electrical sector, meaning on the rate somehow. Has that been talked about? What I'm saying is, when the market opens in May this coming year, are we going to see some kind of debt retirement rate on there? I'm trying to say, in a communications sense, that we've got the real cost of generation, we've got the transmission cost, which will be in there somehow, and then we're going to have this other rate on there. Is it not right that that rate is not on the bills today, and in the future I can expect to see my bill at the house go up, which isn't tied essentially to the cost of—Mr Ouellette's question—whether it's natural gas or electricity? I want to see that, and is there a number? Is it going to be a rate on consumption? How are they going to retire that debt? It is going to be paid by the users.

Hon Mr Wilson: Yes. In fact, Mr O'Toole, it's a good point. That was reiterated in the papers that were tabled by the finance minister this afternoon. You'll see on the—

Mr O'Toole: I haven't had a chance to look at them, but I'm interested in that.

Hon Mr Wilson: On the quarterly update to September 30, 2000, just to reiterate policy, you'll see there's a stranded debt service charge on the books. I'll just read it so everybody knows. They're reporting on the year 2000-01 and fiscal 2001-02. It gives a number for the stranded debt, and it says: "Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corp. Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers not taxpayers." So it's reiterated today, and that's an important principle as we move forward.

Bundled in your rate today—the price of electricity coming into your home or business—is a debt repayment charge, a debt servicing charge. It hasn't been sufficient, given that we've had an almost eight-year freeze, up until this year, on overall average rates in the electricity sector. You'll note that it really hasn't been sufficient to knock down that debt.

The deputy will explain—maybe a little simpler than last time—how we went from the \$38-billion overall debt and set up the new company. You're very familiar with it, but of course a lot of people aren't, and I'm astounded how many people don't care too. I had lunch with a group of constituents in my riding on Friday. They were seniors. Through no fault of their own, they don't know anything about any of this stuff and can't believe they have to pay off this debt that's been incurred in the electricity sector. One of the regrets I have in four years as minister is that we haven't talked about it enough. We

all knew about the provincial deficit, and we talked about that a lot, and I think most people are familiar with the huge debt the province itself has. People are less familiar with the problems that were racked up during the years of the monopoly in the electricity sector.

I'll just get the deputy to talk about the debt retirement charge, its purpose. The Ministry of Finance did set a rate earlier this year and put that out via a press release to the public.

Finally, I'll say you are right: in terms of any proceeds of sales, it is the policy of the government, and indeed the law of the land at the moment, through the Energy Competition Act, 1998, that we apply the proceeds of those assets toward paying down that debt. The commitment of the government is, as we save money on that debt and bring it down, that we pass those savings on dollar for dollar, to consumers so eventually we can see our way out of the quagmire.

Deputy?

Dr Purchase: As I was mentioning last time, we have this large lump of debt that has to be serviced, and we have various revenue streams going in to service that debt. Those revenue streams really are generated from the successor utilities and the assets that are there. The question of how much of the debt retirement charge is necessary is a function of how valuable those assets are. If those assets turned out to be extremely valuable, theoretically including the tax payments made from those assets, then there could be, in theory at least, no—the term is—residual stranded debt. If, however, they are not as valuable, that's what the debt retirement charge was meant to cover off. There's a sliver—

The Chair: Dr Purchase, I'm sorry to interrupt. I hope we'll have time to come back to that in another round, but the time is up for this round of the government caucus. Notwithstanding the earlier motion, the third party is not present, so with the consent of committee we'll continue with the official opposition and we'll see; hopefully the third party will be here.

Mr Sean G. Conway (Renfrew-Nipissing-Pembroke): I appreciate my friend O'Toole drawing our attention to the question of that debt. I think it's a very important subject, and the minister makes a good point about the general lack of public understanding. As we say in parliament, with all due respect, it's an important issue. As I said the other day, the difficulty I have is that I'm disinclined to believe the biggest player on the ice when he/she starts talking to me about that situation, because we have a complete conflict of interest—and it would be no different if I were in your chair.

I think it's a very good question, and here's a place where I really do want some independent evaluation. I suspect we will get some from the auditor. It's not an easy problem, and I have kind of an uneasy feeling that there's more going on underneath the waterline than I could probably imagine at this point. It's a very important and timely subject and it is something we're going to have to come to terms with. But the government, and through the government, the Legislature—we're not

innocent third parties to this; we're major players with key, vital financial interests. So I think anybody looking at us might be a little suspicious about how we present the data.

Minister, there are two or three things I want to pick up from the press, ironically. I see in the southern Ontario edition of the *Globe and Mail*—it wasn't in our edition of the *Globe and Mail*—Martin Mittelstaedt had an article on Saturday, and I wanted to raise just a couple of follow-up questions. I'm sure the minister and the deputy will know of what I speak. "Deregulation Cost Unknown" is the headline. It was on page A11 of the southern Ontario edition of the *Globe and Mail*. I looked for it in our edition and couldn't find it, so I was kind of surprised when people were talking about it on Monday.

Minister, just a couple of quick points: Mittelstaedt is reporting that the Ontario Ministry of Energy has undertaken no studies to analyze how the breakup of the hydro monopoly and the so-called deregulation of the electricity market will affect power rates paid by consumers. Is that a fair statement?

Hon Mr Wilson: I think my staff who were asked that question by Mr Mittelstaedt were a little too technical in their response. We're always so careful to ensure people that the regulators are at arm's length. I would have answered it, "Yes, the government has done studies through the regulators, and there was no need for the ministry itself to repeat those studies."

Mr Conway: That was the second question. I noticed that later in the article there is a reference that says there were studies done by the energy board. I'm just wondering, could the minister commit to tabling the studies that are referred to there, so that we're all aware of what has been done, and by whom?

Hon Mr Wilson: Sure, if the clerk wants to photocopy those. They're available on the OEB's Web site also.

Mr Conway: I just want to be clear that we've got the right information.

Hon Mr Wilson: Mr Conway, obviously studies had to be done. It's a sad article in terms of—I don't know; Martin was just muckraking a bit. Studies had to be done in order for the regulator to set the standard supply price, which is now in our pamphlet that is being delivered to every home—4.3 cents and the range that we show. So obviously studies were done. Maybe that's why it didn't appear in the next edition of the paper. Perhaps by that time they had corrected themselves.

Mr Conway: Then to a second article—I don't know whether anyone on the panel happened to read the Sunday New York Times, but there was an article by Timothy Egan entitled, "Once braced for a power shortage, California now finds itself with a surplus." Did anybody read that or see it?

Hon Mr Wilson: I didn't see it.

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Mr Conway: I'm just going to pick up a couple of points, and I would recommend it to your attention because, Minister, I have said before and I repeat now

that I agree with you that Ontario is not California. I think there are some significant differences between the two jurisdictions. But I am struck by this article and I'm going to mention a couple of things. There was a very good piece in the Washington Post done in early September on this whole question of deregulation in the United States, and the deputy might be particularly interested. It looks at the American experience in the summer of 2001, not just in California but some of the other jurisdictions.

It's a series of articles in the Washington Post but they summarize some of the main issues. I was touching on this the other day. One of the points they make very clear is that electricity is not a commodity comme les autres; it's a very idiosyncratic commodity. As our friend the deputy would say, it's inelastic in important ways that cause the planners and the politicians some very real problems.

They go on in that article to talk about the need for really rigorous refereeing. So with that as a background, I was just struck by a couple of the observations that were made in the Times article on the weekend. Let me just read some of this.

I'm quoting directly from this article. "At the core of the California problem is this mystery: how could the state" of California "use less electricity this year and last and still pay \$35 billion more than it did in 1999?" I can't imagine being a state representative in California and trying to explain that. There are explanations, but they are going to use less electricity this year than they did two years ago and last year and they're going to pay \$35 billion more for the privilege.

According to the president of the California Public Utilities Commission, records show that on some days during the worst of the power troubles in California in the spring of 2001, up to one third of the electricity that should have been available to the consumers of electricity in California was taken off-line, thereby creating an artificial shortage that drove up prices. That's from a woman named Loretta Lynch, president of the California Public Utilities Commission, quoting her directly. "'We had plenty of electric power available,' Ms Lynch said. 'But we didn't have a cop on the beat.'" The cop she is talking about here is FERC, the national regulator.

Interestingly, when the cop showed up, according to this article, and started to take a much more hands-on role, things started to happen. One of the points this article makes plain is that if you don't have the meanest, toughest regulator in this electricity marketplace, you are really going to be in a very difficult situation. For example, the state of California is now arguing, I believe legally, that it's owed \$9 billion. The most egregious example of the gouging is a case involving Duke Energy, which charged California \$3,880 for a single megawatt hour this spring that the year before they would have billed out at \$30 an hour.

I make those points, coming back to the issue we were talking about the other day. There is all kinds of evidence from the American and the British experience that

electricity is not a commodity like the others, that this is a market that tends to duopoly, oligopoly, all kinds of anticompetitive practices, almost always to the detriment of the consumer. I just want to hear you again say that you feel confident that on the eve of market opening, we've got a referee out there with really sharp eyes and sharper elbows.

Hon Mr Wilson: Just on the points you raised, I'll go from my recollection of California, having been there a few times. You're right, they had about a 20% reduction, if my memory serves me right, in terms of demand, which was dramatic and obviously a response from consumers to the extremely high prices they were experiencing, I would think. But that still wasn't enough. Their problem was far deeper than that, given that they hadn't built any significant generation in about 13 years. So in spite of systematically turning people off, and people voluntarily using less power—I assume because of high prices and in some cases unavailability of that power—it wasn't enough, in and of itself, to solve their problem. As we said last time, their problem could only be solved by bringing on new capacity, and they're bringing on some 3,800 megawatts at the moment.

You're absolutely right, but I just want to correct a couple of things. Plants apparently did go off-line. I was told by two of the regulators down there that at times power was even sold out of state when California itself desperately needed that power. I don't want to comment any further because, as you know, most of that is subject to lawsuits all around the state and outside of the state right now.

It probably wasn't FERC that they're referring to, although the article sounds like it makes this FERC's responsibility. There was a power exchange and an event system operator, a PX. Unfortunately, I never got to meet with the PX. The last time I was down there earlier this year, PX had gone bankrupt. But they had split jurisdiction about who was in charge of reliability and servicing domestic demand.

We've tried to learn from those mistakes. I'll just let Judy Hubert, the assistant deputy minister, comment on how the IMO has tried to learn from those mistakes. We've combined the functions of the PX—power exchange—and the ISO into the IMO. I'll let her take it from there.

Ms Hubert: As the minister has mentioned, the IMO will be responsible for all tasks which were carried out by three different entities in California: the ISO, the PX, as well as scheduling coordinators. In effect, in California they put maintenance decisions basically solely in the hands of generators. Here the IMO through its forecasts has to determine that there is enough supply—and they do these forecasts on an 18-month and a 10-year basis—to ensure that the outages are scheduled to ensure that we do not have supply problems.

Mr Conway: It is interesting to me, though, and as I say, I don't profess to know the California situation all that well—I'm just a garden variety elected official. I read this thing and I keep thinking, boy, one of the issues

in this marketplace is going to be volatility. It may very well be that over time everything averages out, but let me use another example. Some of the economists quoted in the Washington Post article say that clearly they would recommend that there be reliance on longer-term supply contracts. That seems to make some sense, presumably to take some of the volatility out of the market. Now California is faced with the situation where, with the state mandate, the utilities went out, signed some long-term contracts this summer averaging US\$69 per megawatt hour, which looked like a great bargain at the time, and now, a few months later, you've got that energy selling at 19 bucks. So it looks like the politicians again have caught the wave perhaps to the detriment of the consumer and the taxpayer.

Again, the point here is that it's not just reliability but volatility. Minister, you just talked about meeting those senior citizens. I know we have mechanisms that are supposed to mitigate against this but I just look—again, it's California, and I don't hold it out as a perfect example, but one of the arguments of the big power pool was to keep the waves from getting too high. I guess my question here is, is there anything in the experience in the United States or Britain on the question of extreme volatility of prices that causes anybody at the Ministry of Energy any angst?

Dr Purchase: First of all, I think your focus on this question of competition in this industry and how it will work is absolutely appropriate. There's no question—this is the model we're choosing—that the competition has to work effectively. It is essential to the long-run success of this model. We think we have in place the institutional mechanisms to ensure that.

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There is in addition in other jurisdictions an increasing resort to longer-term contracting, as you mentioned, and movement away from the spot market for most of the transactions. That may be something that will emerge in our market as well. Right now we have something like maybe a million customers or possibly up to a million customers who have opted to sign long-term contracts. If more and more people decide not to be on the spot market, then there's less and less chance for gaming of the market.

Having said that, we have surveillance mechanisms in place. We do have a tough regulator, backed up by yet another regulator. We have the IMO, then we have the OEB and then we have the federal competition policy. I agree with the concern that they focus on the need for competition to make this thing work, but I believe that we have in place the mechanism, as we said, that will do it.

With respect to volatility, electricity prices will be volatile over the day, that's a fact, but they do get averaged out. The customer doesn't see that. You have a very high price at certain times of the day and then you have an almost non-existent price at other times of the day. So this volatility will get averaged down in the bill and so on.

Mr Conway: I accept that. That makes perfect sense. But one of the think-tanks referred to in the Washington Post series makes the point, on the generating question, that here is a commodity, electricity, that's prone to the boom and bust cycles of things like steel and gasoline. They go on to talk at some length about first too little and then too much, again causing some real havoc in the marketplace. One of my concerns is that I hear people saying, "We want to pull the governments out of this." I just have a feeling where the pressure is going to come to rest on a commodity that is as political as electricity.

Let me just be more positive. On the California experience, one of the things I think that surprised everybody, and I hope the Vice-President of the United States—again back to the New York Times article of the week-end—is that when Davis and company embarked on a conservation program, according to this, they authorized about US\$800 million for energy efficiency programs, including a US\$30-million advertising campaign and some specific incentives, and it worked apparently beyond even their most positive expectations.

It made me think that it's been a long time since I've heard anybody really talking about conservation. We've had bits and pieces of it. Dick Cheney in Toronto, actually—this spring, wasn't it?—made the comment about conservation being a private virtue. Well, I think as a politician, and I presume I'm not alone, that people would look at California and say, "This has been a surprising success." It may very well be that the situation there was just so bad that people felt they had no choice, but according to the evidence in early days they've exceeded their most optimistic targets.

That leads me to the question, Minister, what is the thinking? Where does conservation enter the equation in the competitive marketplace that you see emerging? Do you see that as largely something that suppliers and distributors are going to have to look after with their customers or do you see a public role for government there?

Hon Mr Wilson: Not the same public role we had in the past. I was very keen coming into this ministry, as I'm sure most Ministers of Energy are, to have a major conservation program. It's generally considered good politics. It was certainly advised and shown that in the days when we were spending millions of dollars on stickers on every light switch to tell you to turn the lights off, it had a negligible effect on demand and it cost us more than it was worth. It took a while for the ministry to convince me, even though there are some good people in the ministry whose jobs depended on those programs, but they said that in a cost-benefit analysis it wasn't necessarily the greatest success. I wouldn't rule it out in the future.

You'll find that since those days, when the private sector heard that I was thinking of conservation and energy efficiency programs—and I use the words interchangeably as a layman—I had quite a few electrical contractors and people who make electric motors, freezers and that come to me and say, "We're already

doing that. If it's a good business case, it's a good business to be in. We go to places like GM and we save them millions of dollars, and our profit comes from their savings. There's no need for the government to be in it."

But having said that, I'll just point you to the Environmental Commissioner's 2000-01 report where he commended the ministry for maintaining its leadership in the area of setting minimum energy efficiency standards. We do that for quite a range of appliances—51 products—and that's adopted by other governments across Canada. Where we think it's effective in setting minimum energy efficiency standards—those stickers that are on your fridges and microwaves when you buy them—that work is done by the ministry and they should be commended for it.

Mr Conway: I understand that.

The Chair: Thank you, Mr Conway. Unfortunately, your time is up. We now turn to the third party. With consent, we have 40 minutes for the third party, which is the delayed session in the new rotation.

Ms Marilyn Churley (Toronto-Danforth): I want to begin by thanking both my colleagues from both parties for allowing me the opportunity to get back to my office to see a constituent.

I actually wanted to follow up on the energy efficiency question, Minister. As you know—and perhaps you don't know—I sit on the alternative fuels committee which your government set up. I am the New Democratic representative on it. When that committee first set out its terms of reference, conservation and efficiency were not included. I think it's fair to say that all of the committee members by now have agreed with me that those two areas are important to look at, and indeed we have added those, although they are not a fuel alternative.

We understand that the reason we're looking at fuel alternatives is to help protect the environment and, of course, because fossil fuels aren't renewable. For both these reasons, we need to be doing more than we're doing, and partly also because we know that Ontario is one of the biggest—if not the biggest, energy hogs in North America. We are tremendous wasters of energy. Pollution Probe came before us and said, and others have said as well—that the very first thing that has to be done while we're looking at all of these interesting new and emerging technologies—some not so new—is to focus on energy conservation and efficiency.

I appreciate your answer that there are some things happening, but there are some real concerns around what isn't happening and the need to put more of a concerted effort into that. So I want to ask you some questions around both alternative power and what you mean by it, and energy efficiency.

The Ontario Clean Air Alliance says that under your categorization the incineration of PCBs would be considered alternative power. I just want to ask you, Minister, if you consider the incineration of PCBs to be an alternative power.

Hon Mr Wilson: Not if I had any say in the matter. But I assume the energy goes somewhere when they're

burning PCBs, because they're trying to clean up a site, and you might as well make electricity out of it. I've never heard of anybody purposely setting out to make electricity out of PCBs, but it's probably not a bad idea if you're going to burn them anyway. I'm assuming that's in jurisdictions where the burning of PCBs is allowed.

Can I just commend you on the alternative fuels committee? It makes me angry that my own government never did ask me about the mandate of that committee. I gave a speech, probably two months before that committee was established. We gave \$50,000 to a very exciting new program, the Canadian Energy Efficiency Alliance's virtual energy efficiency centre, under the climate change fund. When I presented them with the \$50,000, I mentioned that we were thinking about setting up an alternative fuels committee, and one of the reasons would be that we wanted to have others, who might have better suggestions than the way we did it in the past, look at the whole area of conservation efficiency. In my opinion, a promise made is a promise kept. That was a public promise that I made on behalf of the government and I'm ticked off that it wasn't part of that. I did discuss it directly with Guy Giorno and people in the Premier's office. It wasn't in the original mandate, so my apologies and thank you for catching that.

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Ms Churley: Thank you very much. I'm pleased to hear that. I think we've gotten past some of the controversy about leaving that in there. There was some concern expressed in the last meeting in fact that because it wasn't listed as part of the mandate, it be taken out, but I prevailed and the committee overall agreed with me.

I wasn't aware of that. It would have helped me make my arguments. But to be fair to the committee, despite the concern around that, there was, I think, a consensus that it is an important part, and I commend you for recognizing that. Hopefully, we will not have another discussion or argument about this, but if we do, I will come armed with your statement from today.

Hon Mr Wilson: I'll go with you.

Ms Churley: Thank you.

Coming back to the PCB issue, I suppose I could ask you what you consider to be an alternative fuel. I have to tell you, I don't consider that to be. I understand what you're saying, if it has to be burned, but I'd like to know what you consider alternative power in that case. I'm concerned that customers could be misled into thinking that they're buying green power when you're calling something like the burning of PCBs an alternative power. So it's something you might want to look into.

Hon Mr Wilson: In terms of the definition of alternative power, it's been pretty thoroughly thought out under the new regime and the disclosure requirement. Jack Gibbons and the others have been very helpful, and I compliment Jack as part of the environmental subcommittee. Bruce Laurie is chair of that. It's been going on for about two and half years. This environmental group has never missed a meeting and they've given us lots of good advice.

This is one area where I think we have a lot of agreement, in spite of us being Conservatives. Perhaps others are not voting for us yet, but at least they agree that energy competition brings a whole new breath of fresh air into alternative fuels, a better management of climate change and hope for the environment.

If you don't mind, I'm just going to have the assistant deputy minister bring you briefly through the alternative fuels definition.

Ms Hubert: We provide a disclosure label on the electricity, and it's coming forward in two phases. The first phase was released in March 2000, which listed the sources of electricity. That is currently being revised, and under alternative power sources it will be saying "solar," "wind," "biomass" or "wastes." So you'll be able to then make your own assessment on what you feel is green or not.

Ms Churley: OK, thank you. I just want to thank you, Minister, for that answer. I'll have to have Jack Gibbons read the Hansard and see if he'll ever vote for you or not, but who knows?

Mr Conway: He sent him a thank-you note.

Ms Churley: Did he send you a thank-you note? I'll have to talk to him about that.

Hon Mr Wilson: I'll read it to you on the record as soon as I get it.

Ms Churley: I don't really need it but, sure, if you want to read it into the record, but not on my time.

Hon Mr Wilson: It will be painful but you'll enjoy it.

Ms Churley: I do have to quibble with your contention that Gibbons's group and others support the direction you're going in terms of privatization of the electricity sector. I think they say, and I must say I agree with them, that there are all kinds of problems with Hydro. I don't think anybody quarrels with that. Some changes had to be made, particularly around allowing the opening for alternative green power to get in. I remember the issues around that when we were in government, with the debt and the difficulties of bringing it on. Certainly, we needed to create an environment where that could happen.

There are many environmental organizations focused on energy that really feel that the way they wanted to improve Hydro was to actually put the public back into power. That was the way they put it. What they say is that we need stronger local democratic control over our power system and they are very concerned about the privatization. Some of them focus on rate increases but many are concerned that, so far, the way things are working out, the economic instruments, the policy changes that need to be put in place to allow them to come on-stream aren't happening.

There are a number of changes—and you may be aware of some of those; I'm sure they've come to your attention—we need to look at to make it more viable for them. Certainly you must have had depositions from some of these people and you must be aware of some of the issues around bringing that power on-stream, which is very real and a problem I think we all have to work on

and try to resolve. That is something, again, we're talking about on the alternative fuels committee, that the economic instruments and policy changes are paramount to making these things happen. Would you agree with that?

Hon Mr Wilson: I think in terms of the big policy change, which is that it's now allowable and encouraged, what I've said, and I said this at the last meeting of this committee, is that we've not ruled out anything. We've cleared the way for alternative fuels. We look forward to the committee's report. I'm fixed right now and the department is fixed right now, as are the regulators, in trying to get the market up and running. I think I called them bells and whistles before. There's a lot of good stuff that could come later which the Energy Competition Act in no way prohibits.

We had a lengthy discussion with environmental groups prior to the introduction of that act. At that time, President Clinton was talking about an environmental renewable portfolio, for example, where a certain amount of electricity had to be generated using green power. He never did do it, though. In eight years of talking about it—he's famous for this, the same with his EPA regulations—there was never one act passed by Congress. Here's the biggest green power guy in the world, according to his supporters, and they have to be gravely disappointed. At least we have an act that's gone through our Parliament that allows this. It doesn't prohibit it.

I think my point in history, while I have this position, is to get the market open. Greater minds than mine will come along and figure out how we can incentivize green power, if that's what customers want. I think at least by doing environmental disclosure, being very forthright and honest about where your power is coming from and making sure that's part of the regime and not only a luxury from time to time, governments might tell people the truth about these things. This is actually in the law. It's required as disclosure.

I've been saying that over the next 10 years we'll have an even more environmentally educated people in Ontario. Every household will eventually know—certainly the information will be made available to them—where their power is coming from and the emissions that are created in the production of that power. Then I think you'll see people demanding greener sources for that power. That may lead governments to bring in programs that incentivize it in some financial way, or a renewable portfolio or standard or something like that.

I've asked everyone to be somewhat patient, given that I'm trying to undo 93 years of history in a relatively short period of time and get a market set up so that all these things will be possible in the future.

Ms Churley: As you know, these are the kinds of things that they're asking for and are quite anxious to get into the system.

I wanted to come back to energy efficiency and conservation, though, because that's a big interest of mine. When I was on city council, I started the energy efficiency office there. It's one of the first things I did, which led to the now famous atmospheric fund. It's doing just

tremendous work around energy efficiency and conservation. I still continue to have a great interest in this.

You responded to some extent to Mr Conway's question but I wanted to expand a little more. You mentioned the Canadian Energy Efficiency Alliance, I believe. They say that incentives for energy efficiency have to be built into the electricity system. Right now it's voluntary and that's not good enough. It's not going to do the job.

My sense is that the OEB is waiting for some kind of direction on this. I don't think we should fob this off on them. When you ask them, they're looking for some direction. Somebody's got to give that direction. I guess the question is, are you going to do that or do you believe that you can continue to do this voluntarily? It's just not working. It's not happening.

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Hon Mr Wilson: Energy efficiency is no longer voluntary. It is part of the Energy Competition Act. In fact, it's one of the mandates of the OEB. Mr Laughren is not waiting for this government to tell him what to do. If he were here, I think he would say exactly what I've said. We've got to get the market open. He keeps reminding me how busy they are over there, doing what they have to do right now. We continue to listen to those groups, and they should continue to put the pressure on. But we're just not quite there yet, given that we've got just some fundamental work to do in getting the market open. But energy efficiency isn't going to be left to the whims of politicians or governments unless they decide to change the act, that it actually is built into the act. The OEB has experience in the gas sector, as you would have learned and probably knew.

Ms Churley: Yes, I was going to refer to that.

Hon Mr Wilson: I think at best, if you're really serious about it, let the regulator do it. Let the regulator make suggestions to government from time to time. They've had tremendous success in the natural gas industry without a kerfuffle from either side. Most people don't even know that energy efficiency was built into the mandate of the OEB when they dealt with gas over the years, and yet environmental groups do and they give the OEB credit for that. We've levelled the playing field there and said, "What you've been doing in gas, keep going and do it in electricity." I agree with you. We can't just keep building plants ad nauseam and not dealing with the demand side of this business.

Ms Churley: I guess that brings us back to retrofitted buildings. Your government just brought in a new building code. Correct me if I'm wrong, but as far as I can see there's nothing—I know that's not your area. I don't know if you've had a chance to look at it, but this would have been an opportunity to build in stricter codes around the building code and new buildings. Also, we need to do something positive about retrofitting older buildings because they just waste energy like crazy.

One of the things you may recall, because you were in the third party then—I don't know if you supported us in this or not, but the NDP had a green communities pro-

gram. What we did was send energy experts out to assist homeowners in identifying appropriate energy efficiency improvements. That, in turn, created a demand for a variety of private sector products and it helped both the consumer and the environment. I'm just wondering if you would be open to looking at—you can call it whatever you want—that kind of program again.

Hon Mr Wilson: With all due respect, I've talked to a number of people who benefited from your program and they happen to be the private sector contractors. There is a natural business out there for people to save money on their heating bills and the savings alone will help pay for the retrofits and the work that has to be done. We can debate till the cows come home, I'm sure, who actually benefits under these programs the most. My view would be that it's often the very contractors who, if just left alone, would do it on a supply-and-demand basis in a free market. They'll take the money from government, as they did under social housing, and do turnkey operations. But is it the most efficient use of taxpayers' dollars? Your party and my party would agree to disagree on that.

Ms Churley: Exactly, we disagree on it. One of the things we found when we were in government, and it's still an issue out there, is that the capital cost of many of the energy retrofits in efficiency improvements are quite frequently above the means and out of the reach of a lot of building owners and tenants, where there's such a long-term payback period. That's something we saw time and time again, and it's a real problem in terms of getting this urgent work done. Again, would you say that you don't see a government role in that?

Hon Mr Wilson: Not for the time being, no.

Ms Churley: One last question around energy efficiency. Again, the Canadian Energy Efficiency Alliance suggests—and I don't know if they talked to you about this—a special charge of, I think they said, about 35 cents to fund \$40 million in energy efficiency programs each year be added on to electricity bills. That's their suggestion as a way to deal with some of the areas where public money, government intervention, can make a huge difference. It's a very small amount. I'm just wondering if you have had an opportunity to think about that as an option, to help fund programs you do support and agree with and think that it could make a difference.

Hon Mr Wilson: Again, I haven't found too many programs that make the difference and pass the business-case test, ie, good value for taxpayers. That's why I wanted the alternative fuels committee to seriously look at it. I've said publicly many times that we can't do it the way we did it in the past because we bankrupted the province and we didn't get the decrease in demand that we certainly thought we would get. In fact, demand kept going up and millions of dollars were put into these programs. If there's a better way to do it, that's why we're here in government: to listen to people and respond. But they're going to have to come forward with programs that do a better job than in the past.

Ms Churley: Of course, Minister, I beg to differ that this kind of important public policy assistance from the

government into our communities to protect the environment is not what bankrupted the province. We were in a serious recession, the worst since the 1930s, which you're about to experience for the first time. Believe me, it's no fun. It's easy to govern in good times. But we differ; we're not going to agree on that. That's not what bankrupted the province, but we'll leave that aside for now.

I wanted to just change gears here for a moment and talk about emissions trading. On October 24, 2001, your government finalized its emissions trading proposal and lifted the moratorium on the sale of OPG's five dirty coal-fired power plants. As you know, as a result of that, OPG will be able to increase its total coal-fired electricity generation and emissions. That's a fact. Furthermore, OPG can now proceed—

Interjection.

Ms Churley: Yes, it is—with the sale of its coal-fired plants to US electric utilities. In short, what these policy decisions mean is that they will permit the OPG to increase its profits at the expense of public health. That's my reading and it's certainly the reading of several environmental groups that have expertise in this field and that have examined the announcement and its implications. That is the concern. I'm going to just give you some examples.

Your new nitrogen oxides emissions cap will reduce the total smog-causing nitrogen oxides emissions from the electric power sector. However, the required reductions will not be sufficient to achieve compliance with the Canada-US smog deal which was signed, as you know, in December 2000. You might have been there; I don't know. That's the Ozone Annex. The smog deal caps the nitrogen oxides emissions of southern Ontario power plants at 25,000 tonnes in 2007. This is the kicker here: the government of Ontario's emissions trading rules would permit southern Ontario's electric power plants to exceed this cap by 33% in 2007. I'm concerned that the government is breaking this international agreement on smog.

Hon Mr Wilson: We're just trying to follow Kyoto, which allows and encourages emissions trading. I've read those articles too.

Ms Churley: But there are some real concerns about it.

Hon Mr Wilson: They go against the whole world that's involved in these discussions, though. Most of the world lives in the real world and they realize it would be best to put financial incentives in place, that if you do what we're doing, for example, and putting scrubbers on the coal-fired plants, at least two of them, there would be some economic or fiscal recognition of that. What is it? How many millions are we spending on that one, just on the SCRs alone? It's \$250 million. We're not going to get \$250 million worth of credits, but OPG will get some credit, some recognition for doing that. There are competitors, in the States who have the opportunity to do that too. I don't know how you're going to get companies that aren't run by government to actually want to lower their

emissions, other than you're going to have to keep doing what they've unsuccessfully done alone, which is just to keep regulating and hammering these people over the head and saying, "Today the cap is this and tomorrow it's this," as the EPA has had to do.

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As a small bit player in this whole thing, the way I look at it, and I look at all the discussions around Kyoto and that, is that the vast majority, the agreements themselves, allow this. We're not doing anything different, what others won't do.

That's somebody's imagination gone wild. I could write you an article saying emissions are going to go up 100%, I suppose, if I imagine they're going to get 100% emission trading credits for that plant. It just isn't going to happen that way. It's ridiculous. It's ludicrous. It's misleading. People shouldn't write articles like this. I don't know where they get off being environmentalists when they mislead people like this. It goes against the entire world that's in these discussions. It's like chasing ghosts, for guys like me. It just isn't true stuff. It's fantasy. It makes their story and it gets a few more fund-raising dollars, I suppose, into their little group. I can only point to what the world is talking about, what the world is agreeing to. Ontario is just trying to do its part in that big picture.

Ms Churley: Let me tell you some more things about their analysis and mine. You were talking about me here as well being totally wrong. I just want to put this before you.

"The new emissions trading rules will permit OPG to increase its sulphur dioxide emissions"—that's smog and acid rain we're talking about—"by 5% by the year 2006. In 2007 OPG will be required to reduce its sulphur dioxide emissions by 13%. The Ontario Medical Association," as you know, "has called for a 75% reduction in the sulphur dioxide caps."

I know that's very high. The reason why they are calling for it is that by now—I don't know if you support the OMA's numbers or not or if you consider them in the same category as the environmental groups you were just referring to, but their studies are showing and they are saying that in Ontario, up to 1,900 people a year die prematurely specifically from these kinds of emissions. I know that 75% reduction is very high, but this falls so far short of where we need to be, considering what we now know about the impacts of these emissions to our health, particularly the very young, the elderly and the ill.

Hon Mr Wilson: I won't go into the OMA's figures, I'm sure. The part I would disagree with is that the electricity sector is responsible solely for whatever number of deaths with respect to air pollution. I just want to read in a note from the department on where we are. As I said at the last meeting here, we're very proud of our environmental record. We've taken tremendous steps, beginning with your government in 1993, I believe. Since that time some \$2-billion-plus has been spent on cleaning up the emissions from the electricity sector, OPG's generators. We've made it a policy of the government of Ontario to

meet or exceed any emission standards the EPA puts out. We have the cleanest electrons in North America today. As a group, we have the cleanest fossil-fuel coal plants.

Let me read something for a minute in terms of the critics in this area. "Critics ... forget to mention that the US SIP Call's tough standards are only in force for five months of the year." Ours are in force for 12 months of the year. I've never read that in any of these bloody articles, ever. I had to be briefed on that.

Critics also fail to recognize "the United States contributes more than 50% to Ontario's smog," and in our air shed, the United States has 214 coal plants and are building more, while Ontario only has five. I almost never read that. I think I've read it once, and that's because I said it. That was in quotes.

"Ontario's electricity system produced less than two grams of NO_x and SO₂ for every kilowatt hour generated in 1998. Ohio's system produced over 10 grams." Ontario's total was 200,000 tonnes of nitrous oxide and SO₂ versus Ohio's 1.5 million tonnes and Indiana's one million tonnes. "Even New York produced over 300,000 tonnes ... 50% more than Ontario."

There have been claims that Ontario is lagging in cleaning up emissions from electricity. The reality is that Ontario is well ahead of the US states in converting to clean electricity. Three quarters of our electricity already comes from non-emitting hydro and nuclear generating plants.

Finally, Ontario's coal plants currently meet the US Clean Air Act's standards for NO_x and are considerably better than the US requirements for SO₂, and the new emission caps will ensure Ontario maintains its leadership in addressing air quality.

Frankly, I just wish that people would write the whole story and then let those reading it or those seeing it on TV judge for themselves.

Ms Churley: I think environmental groups do acknowledge that some of our pollution comes from the US, but their job is to lobby and push to have our own government do our part here.

I just want to ask you a last question. I have a lot more but I want to get to another area before I'm finished.

I'm sure you're aware of this. "Eighteen Ontario municipalities have called for a provincial environmental assessment of OPG's proposal to install selective catalytic reduction"—I'll refer to them as SCRs—"units on two of Nanticoke's eight coal boilers and on two of Lambton's four coal boilers. The SCRs would reduce OPG's nitrogen oxides emissions by 12,000 tonnes but"—this is the important part here—"they would not reduce the 29 other pollutants emitted by the power plants. In 2000, Nanticoke's and Lambton's total emissions of 30 air pollutants exceeded 32 million tonnes. Therefore, the proposed reduction in nitrogen oxides emissions represents only 4/100ths of 1% of the plants' total emissions." Then again, according to OPG's own reports, if these SCRs are installed, it will increase its coal-fired generation and total emissions by about 6% between 2000 and 2012.

What I want to ask you is why your government is denying the public an environmental assessment of this environmentally questionable decision at this time.

Hon Mr Wilson: I think I'll let those from the ministry who are more expert than I am answer your question in a more fulsome way, but I just want to say one thing. I saw municipalities get on the bandwagon and ask for this EA. By the way, I've visited a few of those municipalities, and they never bring it up to me in person. I find it mind-boggling as a citizen in this province, when we're trying to improve air quality, and SCRs do improve air quality, that someone would be opposed to them. Knock us on something else, but not something positive that we're doing. I found that a little difficult to understand.

Rick Jennings will comment on what we are doing.

Mr Jennings: The proposed SCRs would reduce the NO_x emissions by 80% on each of the units they're put on. The argument is what it does to the other pollutants. Basically the NO_x caps were set on the basis of there being that technology available to reduce those emissions. This is why the regulations themselves are pushing OPG to put in the SCRs. They're directly a result of the emission caps. So in terms of the other emissions, the other pollutants basically aren't going to be going up as a result of that. The caps have been set on the basis of the SCRs.

Ms Churley: I think that having an environmental assessment, particularly since your government has scoped it—and that's a positive way of putting it. In my view, it has taken the heart and soul out of it, but it has scoped it to the point where you could have a very concise environmental assessment. I think that would be worthwhile looking at.

Before I'm through, I wanted to come to another area of concern: Ontario, Yours to Pollute, a report on Ontario's waste water violations. This report says that the filthiest four violators from 1999—the reason these are numbers from 1999 is that the Minister of the Environment, through the FOI, has not been forthcoming. They've had appeal after appeal. They eventually get these numbers. But what they have found is that the four filthiest violators of waste water include Ontario Power Generation. I just want to know what your plan is to deal with this. It's very concerning stuff. If you look through, you will see that they actually say that "eight facilities violating Ontario's waste water discharge limits: Pickering, Darlington and Bruce nuclear generating stations and Lambton, Nanticoke, Atikokan, Lakeview and Thunder Bay thermal generating stations. These eight facilities violated Ontario's waste water discharge limited 187 times in 1999." They say that in many cases it's lethal, into our drinking water. I think you will agree with me that we've got to do something about that.

1730

One in particular—I'm trying to find that now—is on the list as a constant violator for the past five years and there have been no charges laid. Nothing has been done and it's of great concern. I'm just wondering what your comment would be and what you think should be done.

I'm even leaving aside the whole issue that I asked the Minister of the Environment about in the House around enforcement and prosecutions—but you as the energy minister and your concern about this and what you propose we can do to make these plants clean up their act and stop discharging lethal substances into our waterways.

Hon Mr Wilson: I'd ask Judy Hubert, the ADM, to answer that.

Ms Hubert: Part of the elements that were raised on these non-compliances relate to OPG's zebra mussel program, which adds chlorine to the water to deal with the zebra mussels. That is one of the areas that is dealt with, and we have to control the zebra mussel population around those water intake areas.

OPG has dealt with all non-compliance occurrences that were reported to MOE and remedial action plans were approved. In all cases the non-compliance concerns have been eliminated or are in accordance with approved MOE directives and they will be in compliance by a defined date as specified by MOE.

The other part I would like to add is that OPG's concern for the environment has been recognized. They have received an ISO 14001 certification that calls for environmental improvements. So, based on that certification, they have been addressing these environmental concerns.

Ms Churley: Minister, I just want to ask you directly if you are satisfied with that response. If you believe what's in this report—and you may dispute it. I don't know if you accept it. I do because I know that these people are quite trustworthy and have good analyses done. They always send reams and reams of material when they'd finally paid their money and got their—the ministry hadn't compiled it; they did this work themselves. If you believe what they say, that the effluent from the three nuclear power stations failed acute toxicity tests, and that means lethal to aquatic life, Darlington failed acute toxicity tests 58 times, Pickering 19 times, Bruce 15 times, and the OPG Lambton released waste water in 1999 containing *E. coli* in excess of the permitted concentrations. Again leaving aside that they weren't charged for this, this has been going on for some time. It's documented. The numbers came from the Ministry of the Environment.

With all due respect, what I just heard, given the concerns around water, particularly post-Walkerton, we have to take this very seriously and there needs to be some kind of plan put in place to make sure it stops.

Hon Mr Wilson: OPG does take seriously any non-compliance that's brought to their attention. I read that thing and I must admit I didn't read any background papers that might be attached to it to perhaps justify the statements made, but the statements are so broad that you would think our plants are pumping out lethal, toxic fluid every hour of every day and this is just what we do. I mean, when you flush for zebra mussels it's meant to be lethal, and if you're testing—

Ms Churley: But I don't think that's all we're talking about here.

Hon Mr Wilson: That is the major incidence of what they're talking about. Believe me.

Ms Churley: Then it's a problem if it's failing these tests.

Hon Mr Wilson: If it is a problem, it's a problem in the city of Toronto, it's a problem in Collingwood, it's a problem everywhere that they flush, and if you happen to put your meter down there at the time, you're going to get a mouthful of chlorine. There's no doubt about it. It's meant to be lethal. So that is misleading.

To have general paragraphs that I read in that report, typical of the Sierra Club, to just say that's what is going on all the time out there—first of all, it's so over the top as to be so unbelievable. There'd be the OPP out there, you'd have the RCMP out there and you'd have Environment Canada out there if that were the case. I wish they would just say that this occurs from time to time when flushing occurs. When there's better technology, yes, we're always interested in that as municipalities. But we're no different from anyone else that has a water intake or a water outtake in the Great Lakes. By the way, the Great Lakes have been improving over the years. In fact, I just saw a recent report on that.

So we take it seriously if there actually was a violation. But to go around saying there were no charges—

Ms Churley: But there weren't.

Hon Mr Wilson: —just implies that somebody is covering something up, and that is not the case in this case at all.

Ms Churley: They're exempted. Program approvals exempt the OPG and that's the problem.

Hon Mr Wilson: It just makes me mad that people make a living spewing this type of stuff.

The Acting Chair (Mr Wayne Wettlaufer): Ms Churley, your time is up. We'll go to the government side for the final 20 minutes.

Mr Ouellette: There is a company that has been retailing an environmentally friendly fuel in Asia for about two years and they have been trying to get approvals to use Ontario for a distribution base for North America for that period of time. It appears that we have some difficulty in that there is no set policy for new alternative fuels to come on-line and taxation rates.

Do you know of any policies or procedures that can proceed so that this corporation, which is currently working in Asia, can come on-line here? As it stands now, they have to get a number of ministry approvals, yours being one of them, before it'll even be reviewed by other levels of government.

Hon Mr Wilson: Jerry, what's the fuel?

Mr Ouellette: It's a naphtha-ethanol base. It fits directly in a vehicle and it requires zero modifications. Currently General Motors—major auto manufacturers are testing it to ensure that it complies with warranties. But the Asian manufacturers such as Mitsubishi have already had compliance.

Are there any procedures or policies that should be reviewed so that we can streamline companies that want to bring these things on-line and help them get going?

Hon Mr Wilson: It would be more the Ministry of Finance. I assume they're going after the fuel tax exemption, which we do have in place for ethanol and I don't know what other fuels. It was before my time.

Interjection: Methanol.

Hon Mr Wilson: And methanol. They'd have to approach us, approach the Ministry of Finance. I must admit I don't have any first-hand knowledge of this. Maybe I should, but I don't.

Mr Ouellette: Natural gas and propane have specific exemptions as well. All they're asking you to do is, "Tell us what it's going to be so we know whether we're locating here or going elsewhere." Right now they're having a large difficulty in obtaining the information.

Hon Mr Wilson: Again it's a matter of lobbying the Ministry of Finance.

Mr Ouellette: The Ministry of Finance has specifically said that yours is one of the ministries that they have to receive approval from first.

Hon Mr Wilson: Well, no one has brought this to my attention in the Ministry of Finance, so give me the bureaucrat's name who said that, because it isn't true. They haven't talked to me, anyway.

Mr Ouellette: What about phasing out of MMT or MTBE in having ethanol or other alternatives, oxidizing agents? What would the impact be on that? Do you have any ideas?

I've met with Sunoco, and one of the concerns there is that currently their blends use ethanol, they have huge distribution problems and at the Chatham plant they have to transport all that to the mixing plants in Ottawa and it's getting very costly for them to transport these goods around. What would the impact be of phasing out MMT or MTBE on the industry as a whole? Do you have any idea?

Hon Mr Wilson: Any thoughts, our fuel expert over there? It's probably a good question.

Mr Jennings: I don't think anyone has looked at the impacts of phasing it out. Obviously, ethanol can replace some of it as a fuel additive, in terms of octane enhancement, but I don't think anyone has looked at the impacts of phasing one out. Obviously, it would be additional support for the ethanol industry, which is already fuel-tax-exempt.

1740

Mr Ouellette: I would imagine, though, it would have—

Mr Jennings: It would have a positive impact, if you were to basically mandate—

Mr Ouellette: Well, positive from an environmental aspect; however, I'm not sure of the economic impact, whether there's producers for MMT or MTBE in Ontario in those plants.

Mr Jennings: MTBE was subject to a trade action; the federal government tried to ban it. So someone would have to look at the trade implications of that as well. The federal government ended up having to pay them \$30 million or something because of a ban on it previously.

Again, that would be something else someone would have to look at.

Mr Ouellette: One other quick question, and I know Mr O'Toole's trying to get in.

One of the areas of concern, having General Motors in my riding, is obviously end-user emissions trading. There is zero incentive for General Motors to use environmentally friendly energy, as they don't receive any user credits for it. If they use what we're classifying as green energy, they don't receive any emissions credits for that. Is there anything being looked at for that, or is there anything being looked at for cross-border emissions trading? For example, if the Oshawa plant puts up a new \$200-million paint shop and substantially reduces emissions, they can't transfer the credits that would be allowed on that to the US plants to have them continue on in the process they're currently using. Do we know of any discussions going on about end-user trading or cross-border trading for emissions?

Hon Mr Wilson: It's an excellent question. We're just discussing it here. I'll make a general comment, and then I'll get Rick Jennings to fill you in on what might be available to them.

Emissions trading is in its early stages, and that's part of why it's so hard to accept criticism at this stage from these environmental groups, when they can only be guessing and using their imaginations, to a great degree, as to what might happen. Through PERT, certainly in the energy sector and the electricity sector in particular, we're really breaking new ground, and Kyoto gives us the opportunity to do that. But Rick is more of an expert on what's been decided to date.

Mr Jennings: Currently, the only sector that's capped is the electricity sector. There is a provision there of one kiloton of NO_x for renewables or energy efficiency projects, so a company that was able to demonstrate that theirs was a renewable project that would reduce generation could try to qualify for that.

The Ministry of the Environment has a plan to expand that cap to cover more sectors, so they are already consulting with industry and have announced a timetable for that. If a sector is capped, it would be able to generate allowances; so if the auto sector was capped, they would be able to generate allowances. In terms of cross-border trade, that is certainly something that Ontario is interested in and we have, I think, pushed the federal government to try to get that as part of the ozone annex, which was described earlier. One of the provisions that would make it easier for Ontario companies to be able to meet those provisions is if we could trade, buy credits and sell allowances into the US.

Hon Mr Wilson: Just to add to that, the real importance of Minister Witmer's announcement a couple of weeks ago with respect to capping other industries is crucial. For the people who may not know, right now there's no one to trade with, except others in the electricity sector. We did a bit of trading under PERT with, I think, California last year; OPG might have done some of that. But she announced other industries that would be

capped and then, therefore, would have a chance of setting up an emissions trading regime. The auto sector wasn't in that list of the most recent announcement anyway, that I know of. It has a sector, but maybe it comes under steel or something.

Mr Jennings: The large generators of emissions—steel, chemicals—is what they're starting with, but the intent is to move down as more get covered.

Mr O'Toole: Thank you very much, Minister, for providing us with this whole asset evaluation calculation strata. That might have been helpful if I had read that before.

But just to conclude on that comment, I sat on the select committee on Ontario Hydro and nuclear, just after the Macdonald commission, and I was quite interested in the NAO, the nuclear asset optimization plan, which said we're going to spend \$3 billion or \$4 billion, whatever it was, to get them up to efficient levels. It's a simple question, I guess. That plan I think is sort of rolled out, or mostly rolled out. Are they achieving the investment objectives? I read the reports; I get them from both the Darlington and Pickering plants, and they are operating in the 90% efficiency rate. Is that where we're happy? It's a very important issue with respect to efficiency because, if you go back to the asset optimization plan, it was really all about making the assets more valued and, as such, for every cent that the increase—the rule of thumb in here says, "Every cent increase at the wholesale level leads to an \$8-billion increase in the value of OPG." That's pretty impressive stuff. The stranded debt looks like much less of a problem if you're really operating efficiently.

Hon Mr Wilson: That's a very timely question. As you know, the Canadian Nuclear Safety Commission announced yesterday that they have amended the operating licence for Pickering A and will allow it to come on-line, with many conditions. I just note the overall economics of that. First of all, OPG's board, which is running it like a business, studied it pretty long and hard, and we had the committee you referred to, the all-party legislative committee, look at it. One thing that struck me was that they indicated, at that time anyway, that the money they would spend on bringing back Pickering A, for example, was less than building a new fossil fuel plant, and fossil fuels tend to be the least expensive plants to build, comparable in megawatts. So I think it's money well spent. Obviously those who have studied it feel it's money well spent, and starting now we'll see the fruits of that labour. You're going to have inexpensive, more clean power available as a result of the Pickering A restart, plus all those good jobs that are available, given that the asset could have been mothballed and literally billions of dollars of taxpayers' money down the drain in the past—ratepayers' money now.

I think it was a good plan. It was well studied. It's nice to finally be around—I didn't think I'd be the minister three years later or four years later, but it's nice to see that they've worked hard there and these units are getting their licence to come on-line, and hopefully now they

will come on-line and provide Ontarians with relatively inexpensive, clean power, which we need more of.

Mr O'Toole: That's the whole point of the argument. I've always sustained the argument that the price we pay in our homes and businesses and how important it is to us—and at the same time for years we weren't paying what it was really costing. That's what the \$38 billion said to me. The big deficit number said we were subsidizing it by another name, called "debt," really. When you go to comparing it with other forms of power and generation, the full cost equation is very important. Jerry and I, as well as the member opposite, are on that alternative fuels committee, and it's quite educational to see the choices of hydrogen and other initiatives.

But I want to switch the topic, if I may, to give you time to talk with some level of passion with respect to some of the initiatives under science and technology in your ministry, because I think it's the less touted. I just received a remarkable set of little brochures which I think are important, not even politically, but important for the people and especially the young people as you look to what this government's commitments are to research and technology.

As you know, I was happy to attend a meeting on your behalf with the materials manufacturing group, MMO, a recognition thing for the researchers working together with partners in industry. These are unsung stories. I commend you for those, if you want to expand on that, the centres of excellence or other initiatives under that part of your ministry.

Hon Mr Wilson: Thank you for the opportunity. In fact, with respect to Materials and Manufacturing Ontario, MMO, this week—Monday, I guess, yesterday—we were able to make a follow-up announcement to the time you were with them, a total investment of \$7 million from the taxpayers and an additional \$21 million from the private sector and MMO, MMO using relatively small dollars to lever challenge fund money and private sector money in what they call emerging materials. Those are materials that are known to exist but they're not yet used for commercial purposes.

The example they gave me of an emerging material years ago would have been fibre optic cable. That was an emerging material, but it hadn't been proven to be of any commercial value. It takes oomph—I don't know how "oomph" is going to come across in Hansard—it takes a push in many cases. Think of the space age materials that may come forward—I call them space age materials—from that announcement alone with the work MMO is doing. We did it in a company called Luxel, which makes flat panels for instruments, high-end instruments like altimeters on CF-18s and gas gauges. It's a fantastic company. It's the only company I've ever been to where they actually aim toward low production because they are such high-end products. Their secret is the—and I'll let Bill Mantel explain it perhaps better—actual space-age material that's only a millimetre thick, which we would call the plate of glass on the instrument itself. It is so strong that it can be used on CF-18 aircraft, for example, and then the way in which they literally project the actual

dials themselves or the extra readings themselves on the screen. It is amazing. Bill might want to talk about that. That's just one example.

If you make these initial research investments, we're really helping to recession-proof ourselves, as the Premier says. Those jurisdictions that can find the new ideas, create the new ideas, be innovative, bring those ideas to market and produce goods and services, therapies, new drugs and cures—in good times and bad the world will want to buy those products. You will be creating jobs in your jurisdiction. Bill may want to talk a little bit more, but I think we've got to go for a vote.

The Acting Chair: Minister, I think we are out of time. I want to thank you. With the consent of the committee, I would like to now request the collapse of the votes.

Shall votes 2901 through 2903 carry? Carried.

Shall the estimates of the Ministry of Energy, Science and Technology carry? Carried.

Shall I report the estimates of the Ministry of Energy, Science and Technology to the House? Carried.

The meeting is adjourned.

The committee adjourned at 1752.

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 7 November 2001

Mercredi 7 novembre 2001

*The committee met at 1605 in room 228.*MINISTRY OF ECONOMIC DEVELOPMENT
AND TRADE

Clerk of the Committee (Ms Susan Sourial): I'd like to call this meeting to order. Honourable members, in the absence of a Chair and a Vice-Chair, I'd like to call upon you to elect an Acting Chair. Are there any nominations?

Mr Wayne Wettlaufer (Kitchener Centre): I'd like to move that Mr Peters be substituted as Acting Chair today.

Clerk of the Committee: Mr Wettlaufer has moved Mr Peters. Are there any further nominations?

Mr Frank Klees (Oak Ridges): I'd like to nominate Wayne Wettlaufer.

Mr Wettlaufer: I decline.

Mr Klees: Do you decline?

Mr Wettlaufer: I decline.

Mr Klees: Then I'll nominate John O'Toole.

Mr John O'Toole (Durham): I move that nominations be closed. Mr Peters is more than up to the task.

Clerk of the Committee: Seeing no further nominations, Mr Peters.

The Acting Chair (Mr Steve Peters): I call the meeting to order. Minister, welcome today to the standing committee on estimates. The floor is yours for a half-hour or as long as you require.

Hon Robert W. Runciman (Minister of Economic Development and Trade): I welcome the opportunity to appear before the standing committee on estimates. This is the first time I have appeared to testify before the standing committee. I did serve as a member a number of years ago.

Since our government was first elected six years ago, Ontario's business community has enjoyed an unparalleled period of economic growth. More than 824,000 net new jobs have been created, take-home pay is up 20% and more than 600,000 people have left welfare.

The Harris government has helped foster this prosperity in a number of ways. By cutting taxes, balancing the budget three years running, eliminating red tape and through other measures, our government has created a business environment in which Ontario firms can compete successfully with companies around the world. We have built a solid economic foundation to help us ride out the periodic ups and downs of global economic cycles.

We developed our economic strategy through consultations with business owners, community leaders and others and we continue to consult with the people of Ontario.

The global slowdown has had an impact on Ontario. Jobs have been lost and some business owners have become hesitant to invest in job-creating expansions. In the House yesterday, Finance Minister Jim Flaherty noted that private sector forecasters have revised their predictions and now expect Ontario's economy to grow by only 1.1% this year and 1.3% next year. Originally, predictions were 2.3% this year and 3.6% next year. Minister Flaherty added, "Although private sector forecasters expect Ontario's growth to pick up in mid-2002 and accelerate to 4.3% in 2003, we know that serious economic and financial challenges lie ahead."

Though we face these challenges, rest assured, our government will stay the course. We will not return to the high-spending, high-taxing policies of previous governments. Despite the slowdown, Ontario will have a balanced budget again this fiscal year, the fourth year in a row. Some \$300 million will be used from a \$1-billion reserve that we prudently set aside for such contingencies.

Also yesterday, as was announced earlier, Minister Flaherty tabled legislation to accelerate planned tax cuts by three months. Under this proposed bill, effective October 1 of this year, the general corporate tax rate is cut from 14% to 12.5%, the manufacturing and processing rate is cut to 11% and the small business rate is cut to 6%. Additionally, a \$5-million deduction from taxable paid-up capital—this is the first step in eliminating capital tax—has been made available. These measures will spur the economy and maintain our global competitiveness.

1610

The decision to advance these measures was triggered by the aftershocks of the tragic events in the United States on September 11. As we all know, our economy is closely linked to that of the United States. Ontario's trade with our southern neighbour is phenomenal, representing 48% of Ontario's economy. It accounts for 93% of our exports, 1.5 million jobs and \$210 billion in US export business. Ontario's two-way trade with the border states of Michigan, Minnesota and New York totalled almost \$140 billion last year, and continued access to this

market is critical to the future economic success of our great province.

Since the tragedies in New York, Washington and Pennsylvania, there's been increased understanding of the importance of our trading relationship with the United States. There's also a growing awareness of the threat posed to our economy if our American friends do not have confidence in Canada's ability to protect our border from undesirables.

Improved traffic flow across international border crossings was an issue recognized and addressed by the Harris government well before September 11. The New York-Ontario summit held in June of this year considered this issue at length and the report from that gathering, we hope—every indication has been given from New York state that we will be prepared to release that report later this month.

The American tragedies have cast US-Canada border crossings in a different light. We no longer have been focusing solely on issues like infrastructure and pre-clearance. Instead, those issues, those concerns, to some degree fell to the sidelines. The American people and their governments shifted their focus, I think quite understandably, to security—the security of their people, their institutions, their way of life and their borders.

Our government, under the leadership of Premier Harris, along with US Ambassador Paul Cellucci, called for a North American security perimeter in order to protect Canadian access to the US market. Our Premier and Ambassador Cellucci have since been joined by Premiers across Canada, business leaders and everyday Canadians in the call for this critical security measure. Last week here in Toronto, our government sponsored an industry leaders' round table on border issues that identified critical border issues. At that meeting, there was a very strong consensus on the need for a North American security perimeter. There were many ideas for improving security while at the same time allowing the essential free flow of goods, services and people across the US-Canada border. Our government rejects suggestions that a North American security perimeter would somehow impinge on Canada's sovereignty, and we've suggested NORAD as an example under which Canada and the United States have worked together for years to defend the skies of North America.

In addition to the border issues, last June's successful New York-Ontario economic summit dealt with other important topics. Cross-border working groups were formed in the areas of tourism, transportation and phonics. We also established a Niagara bi-national region economic round table.

Of course, in any trade relationship as large and complex as that between Ontario and the United States, there occasionally are disagreements. Recently, the Canada-US softwood lumber dispute has been re-ignited. Our government is committed to helping our forest products industry defend its right to access the US market. Ontario's forest industry, with shipments of more than \$2 billion, provides direct employment to 20,000

people and supports tens of thousands of additional indirect jobs. The economies of over 40 communities, mostly in northern Ontario, rely significantly on forest industry operations.

In 1996, over the vigorous objections of Ontario, the Canadian federal government entered into the softwood lumber agreement with the United States, the five-year agreement which expired in March of this year. Some lumber producers in the United States now allege that provincial and federal governments subsidize Canada's softwood lumber industry, and they claim that results in injury to US softwood lumber producers. The Ontario government and our lumber industry reject these allegations. We do not subsidize our forest product producers.

We opposed the softwood lumber agreement and we oppose any new export control, forest management or any other kind of deal with the United States. We strongly believe that Canada must protect its NAFTA and WTO rights and work to eliminate any countervailing duties imposed by the United States. On August 10 of this year, I issued a press release opposing the US's preliminary duty determination of 19.3%, and again in a release issued on September 27, I rejected a call for a 15% export tax on softwood lumber which was proposed by Doman Industries of British Columbia. This week, I sent an open letter to Pierre Pettigrew, Minister of International Trade, saying that if a second track of discussions on this issue is to succeed, Ottawa must not eliminate Ontario's choice to continue to seek a litigated solution if, as we suspect, these discussions prove fruitless. Agreeing to managed trade in softwood lumber invites similar actions by the United States in other sectors or industries such as steel or other wood products. This goes against the concept of a fair and competitive marketplace that Ontario supports.

We are also working with steel producers to help protect their rights to fair market access. The steel industry in Ontario and throughout North America is under a serious competitive threat from low-priced imports. However, Canadian steel is not the cause of the current difficulties in the United States steel market.

We—meaning both the people and the government of Ontario—have worked hard to improve the global competitiveness of our businesses and our communities and we must defend those gains. We must also seek constantly to improve our competitive position.

My parliamentary assistant, Ted Chudleigh, is completing his report on competitiveness issues facing two key sectors, construction and chemicals, and also access to capital issues faced by Ontario emerging growth firms. Mr Chudleigh held dozens of meetings across the province with industry associations and business leaders, and also attended meetings with the best-in-class sectors from competing US jurisdictions. These consultations will help us refine our competitiveness strategies. They also will provide input to the work of the newly established Task Force on Competitiveness, Productivity and Economic Progress. Roger Martin, who is the dean of the Joseph Rotman school of business at the

University of Toronto, is chairing this independent task force. Roger is broadly recognized as one of Canada's leading experts in this field. The main role of the task force is to measure and monitor Ontario's competitiveness, report the results to the public and make suggestions for action to government, businesses, industries and institutions.

The establishment of the task force was announced last April in the throne speech, but the need for it was first identified in the Road Map to Prosperity. The Road Map to Prosperity was the product of the largest and broadest consultation process in the history of Ontario. In town hall meetings and forums across the province, we sought out and heard the views of business owners, workers, community leaders and others. They told us about the kinds of jobs they want for themselves and their children, the kinds of products they want to make and sell to the world and the kinds of strong communities they want to live in. They also told us how we should act: through partnerships with business, communities and academia. They recognized that job creation and economic growth is the responsibility of us all, not just the provincial government.

On another issue, the Ministry of Economic Development and Trade has reshaped how it does business to provide seamless services, from head office through its network of field offices across Ontario.

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Before I go into details about the progress we are making, I would like to take this opportunity to pay a brief tribute to a man whose guiding hand helped shape the programs I will be describing.

My good friend—I think it's safe to say our good friend—the late Al Palladini was the Minister of Economic Development and Trade while many of these initiatives were being developed. Al was a remarkable man. His business sense, his love of community and his compassion for working people in Ontario guided his thoughts and decisions. These programs are part of his legacy, and their success is, in a small way, a tribute to a wonderful individual.

One of the cornerstones of the Road Map to Prosperity was its recognition of the profound ties Ontario has with the global economy and its recommendation that we pursue an even stronger global orientation.

Ontario's global strategy is a major initiative announced by Minister Palladini last December. It's designed to support job creation in Ontario by boosting our province's profile in key global centres, attracting international investment and increasing exports. The theme is, "Working globally to create jobs locally."

The global strategy has three components: the international investment strategy, the trade strategy and the international marketing centres. Foreign and domestic business investment creates jobs, stimulates exports and keeps our technologies competitive. Every \$1 billion of investment creates approximately 8,200 new jobs. Some 75% of all manufactured exports are directly attributable to direct foreign investment.

In this era when investment and jobs flow easily across borders, the international competition for foreign investment is fierce. It's estimated that globally 1,200 jurisdictions are aggressively marketing themselves. Many of them have multi-million dollar advertising campaigns and generous financial incentives.

The Market Ontario program is our response to global competition for investment dollars. It was launched in November 1996 with an annual budget of \$17.8 million. Since its launch, through Market Ontario we have successfully completed 175 investment cases, producing \$4.2 billion in new investments, equating to more than 31,000 jobs for Ontarians.

Last year, Market Ontario received additional funding of \$17.5 million over four years. This supports an expansion of the program in key international markets, including the US, the United Kingdom, Germany and Japan. This year, Market Ontario received more resources and France was added as a target market.

Our investment strategy employs eight in-market business development consultants; three in Europe, one in Japan and four in the United States. They conduct corporate calls and generate investment leads. We intend to add three more consultants.

In June I met with business leaders and officials in France and Germany to point out the benefits of investing in our province. During the current economic conditions, we also need to encourage domestic investment by multinational corporations. As a result, we have shifted some marketing resources from international markets to the domestic market and we are developing a domestic marketing program to retain investment here at home.

A second component of our global strategy focuses on exports. As I mentioned earlier, Ontario has become a major trading economy. Between 1996 and 2000, Ontario's exports grew by 45%. Increases in net exports over the past four years were responsible for 20% of Ontario's economic growth. More exports mean more jobs. Each additional \$1 billion of Ontario exports translates into approximately 10,000 new jobs in Ontario and generates \$74 million in provincial tax revenue.

Our new international trade strategy, led by Ontario Exports Inc, expands support for small- and medium-sized exporters in key non-US markets and will expand Ontario's market share in targeted international markets.

I am pleased to report on the growing success of our exports in Europe. Ontario exports to Europe totalled \$7 billion in 2000. That represents a 9.7% growth over the previous year. During the first four months of this year, Ontario exports to Europe reached over \$2.4 billion, and that's a further increase of 8.9% over the same period in the previous year.

Ontario Exports Inc provides a range of programs and services that help Ontario companies, particularly small- and medium-sized enterprises, build their export capabilities, encourage export market expansion and diversification and provide commercial advocacy at home and abroad.

In addition, programs such as the Ontario Global Traders Awards—I know many of you have participated in award ceremonies over the years. We also have Ontario trade day seminars, which we hold in communities across Ontario, and Team Ontario trade missions abroad, which help to showcase Ontario's products and services and foster a more pervasive global mindset among Ontario-based small- and medium-sized enterprises.

Last year, for example, Ontario Exports worked directly with 472 firms, resulting in \$803 million in incremental export sales. During the same period, they also hosted 75 seminars with 2,772 firms participating and sponsored or participated in 50 trade shows and missions involving 558 Ontario companies.

Our \$20-million, four-year trade strategy is also designed to bolster in-market support for Ontario companies in foreign countries and introduces a number of technology-enabled export initiative, including virtual trade missions and an enhanced Web site.

The final component of our global strategy is the establishment of five international marketing centres. International marketing centres will co-locate Ontario senior officials in Canadian diplomatic missions abroad, in Shanghai, New York City, Munich, Tokyo, and London. The five marketing centres will be focal points for building Ontario's profile in key international markets and for supporting our trade and investment agendas.

We are not alone in this approach. Alberta is currently negotiating co-location in the Canadian embassy in Mexico City and in fact plans to co-locate in Munich at the same time we're doing it; and, in Shanghai, Quebec is already co-located in the Canadian mission.

To date, we have signed two memoranda of understanding with the Canadian government for co-locations in the Canadian consulates general in Shanghai and New York City, and we are currently negotiating similar agreements for the consulate in Munich.

We have also selected, through open competitions, three Ontario representatives for assignment to Shanghai, New York and Munich, and we're in the process of selecting a representative for Tokyo.

A second major strategy identified in the Road Map to Prosperity was the pressing need to increase the number of workers in Ontario with strategic skills. Ontario industry is facing a critical shortage of skilled people, particularly in the manufacturing and construction trades, and we have to close this gap.

Our strategic skills investment program, launched in 1998 and expanded in 1999, has made significant progress in addressing critical skill shortages. This program is a \$130-million program which provides start-up funding for business-led training partnerships that increase the numbers of people with critical skills. To date, the program has invested \$62 million with \$176 million leveraged from project partners in 38 innovative and collaborative business and education training projects—projects chosen on a competitive basis from 211 submissions.

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Our business and training partners represent over 475 companies and 95 business organizations; some 60 colleges, universities and private training educators; and 45 community and economic clusters across Ontario.

In July of this year, we announced four new strategic skills investment projects that will receive \$8.2 million from the Ontario government. An additional \$19.5 million will be provided by business and education partners.

For example, we are supporting phase two of the development of the Centre for Advanced Micro-electronics Technology at George Brown College of Applied Arts and Technology in Toronto, and we are supporting the expansion of the James Burgess Metal Trades Training Centre of St Clair College of Applied Arts and Technology in Wallaceburg.

We are also looking overseas to help find the skilled workers Ontario needs to grow and become more competitive. I am pleased to report that we have made significant progress on changes to the federal immigrant investor program on processing times, marketing and commissions. Although the recent terrorist attacks will increase scrutiny in this area, there is no doubt immigration will continue to be a key ingredient to Ontario's continued economic success.

The Road Map to Prosperity also recognized that small business is the backbone of Ontario's economy. Last month was Salute to Small Business Month. It's an annual celebration of the contributions small business makes to Ontario.

Since 1995, 827,100 new jobs have been created in Ontario, and small business is responsible for more than half of them. Our government will cut the small business tax rate in half by 2005. We will expand the number of firms benefiting from Ontario's small business tax rate and allow self-regulated professionals the option of incorporating.

In June, we launched a strategy designed to meet the growing needs of Ontario's small business community. Measures outlined in the Small Business Enterprise Centres—A Strategy for Ontario include converting small business self-help offices to small business enterprise centres. We will expand the network to 42 centres to fill in the geographic gaps across Ontario and set up a small business advisory council to co-ordinate research, eliminate duplication and enhance customer service standards across the network.

We also recognize that small business is a key component of the new e-business economy. Our government is launching a number of e-business initiatives that will help small business to grow, including an e-business primer and an e-commerce export guide.

Leading growth firms represent 2% of all small- and medium-sized enterprises in Ontario. That 2% creates 35% of all new jobs. Two weeks ago, our ministry co-sponsored an Innovators Alliance dinner, a forum that allowed presidents and CEOs of Ontario's leading growth firms to share ideas and experiences. At that event, I was pleased to release our ministry's Dynamics

of Growth report. It's a unique study that demonstrates how leading growth firms have helped propel Ontario's economy and provided many Ontarians with jobs and opportunity.

The Acting Chair: You have a little over a minute left, Minister.

Hon Mr Runciman: Our government is also committed to helping our youngest entrepreneurs achieve their dreams. This year, we launched a four-year, \$15-million youth entrepreneurship strategy. We have three excellent programs as part of that strategy: Summer Company, My Company and future entrepreneurs. Summer Company has had tremendous success. We attracted 350 applicants within a month of being launched, and 192 students started summer businesses in this pilot year.

These programs are providing young entrepreneurs with the knowledge and tools they need to launch their own small businesses. The strategy will also raise awareness among students, their parents and the public at large about the importance of entrepreneurship as a career option.

All of these programs—our support for entrepreneurs of all ages, our investments to close the critical shortage of skilled workers and our global strategy—are successful because they are based on strong partnerships between our government and our partners from the private and public sectors.

The Acting Chair: Thank you very much, Minister, for your presentation. You have provided us copies so we can all finish reading your speech. We will start first with the official opposition.

Mr Monte Kwinter (York Centre): I am delighted to be here, and I want to congratulate the minister on his assumption of the role of Minister of Economic Development and Trade. I'm sure you all know it's a role that I filled for three years, from 1987 to 1990.

I'm also delighted that the estimates committee has deemed it desirable to hear from this ministry. It's taken some time. In the last few years, you just haven't been here and the main reason—and it's sad to say—is that the ministry isn't perceived to be a particularly significant player in the things that are going on as far as the estimates are concerned. The big-ticket items like health, education and community and social services are where the money is, and that's where people like to talk. I'm reminded of Willie Sutton, when he was asked why he robbed banks, he said, "Because that's where the money is." It's the same sort of situation.

When we get to discuss the estimates of economic development and trade, it is very difficult for a variety of reasons. The budget has dropped dramatically. To give you an example, the operating expenditures from 1997 to 1998 were \$138 million; from 1998 to 1999, \$87 million; from 1999 to 2000, \$92 million; from 2000 to 2001, \$81 million. It's relatively small change in the business of government, so why bother even discussing it? It's of no consequence when you stack it up against health care, education and some of the other big-ticket items.

On the other hand, economic development and trade is absolutely critical, because we are in fact one of the most trade-dependent jurisdictions in the world. Just to put it in context, for every dollar that an Ontarian has, between 40 and 45 cents is there because of trade. In the United States it's somewhere between 10 and 12 cents. So because of the huge internal market the United States enjoys, we have a situation where there is a real currency for protectionism. "Who cares what's happening in the world? Let's close our borders and make sure that we're OK, and we don't have to worry too much about our trade balances and things of that kind."

On the other hand, we, in turn, are absolutely and critically dependent on what happens to our neighbours to the south, because without them and without their buying power, we are in big trouble.

I don't want to state what has been relatively obvious in the years that I've been here. I'm not terribly partisan; I'm not trying to promote one political ideology over another. One of the last acts I performed as Minister of Industry, Trade and Technology, as it was then known, was to share the opening of the Chrysler van plant in Windsor with Lee Iacocca. At that opening, when the first van came off the line, he said that the employment benefit package represented more money in every automobile than the steel did. The reason these vans were being built in Ontario was because of our health care program, our differential in wages and the quality of our labour, so we had all of these competitive advantages. Plus, the most incredible competitive advantage we had was that many of the plants we have in southwestern Ontario are closer to the major markets than the plants in the United States. We're actually closer and, when we're into this new era of just-in-time delivery, it makes eminent sense, both economically and geographically, to put the production into Ontario.

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I was a little disappointed in your statement, Minister, in that there was not one single mention of the automotive industry, when you consider that, without a play on words, the automotive sector is the engine and the motor that drive the economy of Ontario. There was not a single mention of the automotive sector.

I think that's important, because the automotive sector is going through an incredible transformation and we have to watch it like a hawk. When I tell you "like a hawk," we have situations that are potentially developing that could create some major economic problems for Ontario.

For years, the General Motors plant in Ste Thérese, Quebec, was hanging by a string, and the only reason it was allowed to hang was because of the politics of arbitrarily shutting down the only automotive assembly facility in Quebec. If you close that down, what does that do to the separatists? They say, "Oh, look what happens. When they're going to close a plant, who do they pick on? They pick on us." What happened was that General Motors bit the bullet and kept pouring money in, trying to build certain cars there, but to no avail, and finally they

just couldn't take it any more and they shut it down. That was kept alive artificially. It never made any sense economically, certainly for the last three decades, but politically it was important to do it. I want to recount this because I think it's critical to understand.

When the Ford Motor Co was competing to build a van and paint plant in Oakville, they were competing with St Louis, Missouri. This is intercompany competition. The president of Ford came to see me and said, "Mr Minister, we are competing with St Louis, Missouri. We haven't got a hope unless we have some government support. The Ford Motor Co doesn't need government support per se, but the problem is, in order to be competitive, we have to put in infrastructure and training. That's going to cost us \$102 million that our sister plant in St Louis, Missouri, does not have to put in. As a result of that, if we can't go in on a level playing field, we haven't got a hope of getting that facility."

It was important to have that facility. It wasn't just because it was going to be a facility where the spinoffs were going to be great; it was to make sure that plant was anchored so that when the predicted crunch came—there was a huge overcapacity in the automotive sector—that plant could be shut down, because it's easier to shut down a plant in Ontario where you don't get the same political flack that you do if you shut down a plant in Dearborn, Michigan. By putting in this particular facility, it was felt that it would anchor the plant.

They said, "We need \$102 million from the government and we will put in our bid. If we get it, you've got to come up with the money, and if we don't get it, you don't, but without it, we haven't got a hope." I said, "It's a deal." They said, "Surely you don't have the authority to make that kind of a decision," and I said, "I know I don't, but I know what I can sell." I went in to see the Premier, I told him what it was and he said, "Let's go for it."

We went for it, we got it and the facility was put in. All of the spinoffs, all of the parts manufacturers, everything that went on were fabulous, great. Yet, even today, that plant is in peril. When you listen to the automotive people, when you listen to the analysts and when the Ford Motor Co takes a look at where they have to constrain and where they have to really do things, Oakville keeps coming up on the horizon. That is an inexcusable problem.

When I spoke to the minister, Bill Saunderson, and asked him if, under this government, they would have done that, he said, "No way. They take their chances. If the Ford Motor Co can't do it, too bad. That's not our role. Our role is not to pick winners and losers; our role is to provide a business climate for these companies to survive."

The whole reason I'm telling that story—and it goes to the crunch of what we're talking about—is that unless a government is prepared to be more than just a cheerleader—and with all due respect, I followed your statement, and a lot of what's in there is really round tables and studies and things that are happening and "Let's look

at this, let's look at that and let's come up with strategies." But there isn't someone who's coming to the table and saying, "Let's make this work. If it makes business sense"—and that doesn't necessarily mean just business sense for a business—"for us to invest, then why don't we invest, because that will guarantee that the prosperity we keep talking about is going to be there."

It's frustrating to me when I talk to business people who say, "You have to understand, everything goes to the bottom line," which gets me to another area when we talk about tax reductions and tax cuts for companies. People want a level playing field; they don't necessarily want you to be the cheapest. I hear comments from the government side when we say, "You've got over \$2 billion in promised corporate tax cuts. Why don't you forgo that?" and they say, "Oh, you want to raise taxes." No one is saying you should raise taxes. We're already 25% below our competition in the United States. Any additional amount of money, contrary to what you may think or may be told, is going to the bottom line, to the shareholders, many of whom don't even live in North America, let alone Canada or the United States.

There is no attraction where people are racing to the bottom. Yes, if your taxes are out of whack, you won't even get the first look. People will say, "Why would I invest there? Their taxes are ridiculous." But if they look at it and say, "Well, taxes are not an issue. They're already 25% below anything that's out there. Let's take a look at quality of life, education, health care, environment, infrastructure, government. What kind of an environment is there, because our employees have got to live there." It's not going to attract somebody who is being transferred from somewhere in South Bend, Indiana, moving to Toronto or Ottawa or Kitchener. They're not going to say, "Well, that's a great place because corporate taxes are really lower there than anywhere else in North America." That is not the attraction. The attraction is, "Wow, that's a good place for me to take my kids. They're going to have good schools, good health care, good environment. I'm going to be able to breathe the air, drink the water. That's a great place, and I'm close by to where the family is, with good communications back and forth." So I think that's something we really have to look into.

I want to just cover a few other areas. One of them has to do with a statement that the minister made last week in the House about the initiative of the government to deal with the border. I am delighted to see—whether it's perceived that way maybe just by me—that you've softened your stand a little bit on sovereignty versus security, because my reading of your statement when you delivered it was that you were prepared to sacrifice sovereignty for security. If you recall when I responded to you, I said that these things are not mutually exclusive. You don't have to necessarily surrender sovereignty just to get security. I see that in your statement you have tempered it somewhat, and I applaud you for that, if that in fact is the interpretation.

The other thing I took exception to then, and I do now—and I see you've repeated it again—is that you talk about "The American tragedies have cast US-Canada border crossings in a different light. We were no longer focusing solely on issues like infrastructure and pre-clearance. Instead, those issues, those concerns, those priorities fell to the sidelines."

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I take very strong exception to that. Again, I don't think those are mutually exclusive positions. It is absolutely critical at this stage, when not only are there advocates of perimeter North America, there are even more advocates in the United States about Fortress USA, saying, "We can no longer, ever, be in a position where the ability of the United States to maintain its economy, to maintain its security, is going to be dependent on some outside jurisdiction or outside entity." There's a real feeling—all you have to do is read the international media, the business magazines—that "We have to be absolutely self-sufficient." And when I say "we," the United States. "We have to make sure that all of our suppliers, all of our just-in-time delivery is not going to be impeded by what happens at the border," and not only just the Canadian border but also the Mexican border. The feeling is, "Let's make sure we are self-contained, self-sufficient." That's a huge challenge for us, because if that ever happens, we have a problem.

You should know—and I'm sure many of you do know, including the minister—that we were here during the free trade debate. The free trade debate, for those of you who may not have really followed that closely at the time, was an initiative of the Canadian government, of Prime Minister Brian Mulroney. He was the guy who started it, and he started it for a very simple reason: the United States was again going through this self-examination of "Let us become isolationist. Let us close our borders so we don't have to worry about these guys who are dumping stuff into our market. Let us make sure that we don't have to worry about that."

The whole idea behind the free trade agreement was to ensure that the market that Canadians enjoy in the United States would remain open. That's why, if you'll recall at the time, Simon Reisman—like him or hate him, he's a really nasty guy, but notwithstanding that, a very competent guy—went down and spent two years negotiating a free trade agreement. He came back, called the Prime Minister and said, "Mr Prime Minister, there's no deal. We cannot make a deal." The Prime Minister called the Premier; the Premier called me and said, "There's no deal." That weekend, Pat Carney and Mike Wilson went down to Washington, came back and had a deal. It was unbelievable. Here Simon Reisman had worked for two years and couldn't make a deal. He's the guy who initially negotiated the Auto Pact. He came back, no deal. They made the deal. Why? They put energy on the table, they put the Auto Pact on the table and they put water on the table. So, literally, they gave the store away and they came back with a deal. Now, I happen to be someone who thinks that long term, overall, on balance, it was a

good deal. It was a good deal for Canada because it really ensured our access to that market, which brings me to another point.

On December 8, 2000, an announcement was made by then-Minister Al Palladini—and I want to join in acknowledging what a great job Minister Palladini did. Without being derogatory, he was a car salesman. He knew how to sell. It was a pleasure to talk to him. He would come across the floor, sit beside me and say, "What to you think about this? What do you think about that?" and we'd talk about it. As I say, he was a salesman, and I think a salesman is what we need in that position. I think it's something that is obvious.

On December 8, 2000, which is almost a year ago, he made an announcement saying, "The Ontario government has quietly announced plans to reopen five international trade offices worldwide," and he went on to give exactly the same report that Minister Runciman just gave us. That's a year later, with exactly the same words, "We're planning to do this, we're negotiating this, we're doing that." At the time, these offices were going to open up early in the new year, which was early this year, and now I'm sure the target for some of them may be early next year. I just feel there are lots of announcements but there's not a lot of activity.

My major concern—and this is something where, in many cases, I seem to be at odds with a lot of people—is that when you take a look at the absolute dominance in the trade figures of our American business, it absolutely dwarfs our total combined other business. In any business that depends on sales, you play to your strength; you don't play to your weakness. Here you have 90% of your trade, of your business, in the United States and 10% somewhere else. What does the announcement talk about? They're going to open up all these offices in Shanghai and Tokyo and all these other places, which is great. It gives you great bragging rights. I loved it when I was the minister and we had 17 different trade offices, and I'd rattle them all off. But when it came to the crunch, the only ones that really mattered, from a bottom line point of view, were our six offices in the United States. We had ones in New York, Chicago, Boston, Dallas, Atlanta and Los Angeles. That's where the business is, and it's easy to do business. You don't have to worry about language differences. You don't have to worry about time differences, pretty well. You don't have to worry about cultural differences. Far more important, and this is the key—we used to have a saying in the ministry, and I don't know whether they still do or not, that you got your BA in trade in the United States, you got your MA in trade in the European market and you got your PhD in the Oriental market. That really reflected the degrees of difficulty in accessing those markets.

First of all, let's backtrack. With all due respect, the multinationals and the major TSE companies that are Canadian—and there aren't a lot of them, other than Nortel, Bombardier and a few others—don't need your help. They can help you, but they don't really need your help. If they had to depend on us to do their business,

with all due respect, they'd be in big trouble. They don't need us.

The people who need us and whom we need are the small businessmen: the guys who are innovative, who have got a product that can really be marketed if they have the know-how. What you do is you go to some small businessman and you say, "Have you ever thought about going into the United States? There's a huge market there." He'll say, "Well, I really don't know how to do it. I've never thought about it. I've got enough just to look after my Canadian business." We used to have these programs. You can take him to Buffalo, take him through the process, show him how to do it, get everything going, and it's easy. He goes in for the day, comes back, stays at home at night, sees his wife and his kids, and he's doing business. You try to take that person to Europe or to Shanghai to do business, when he hasn't done any business in the United States, has done no export business, and all it is a trip: "I'm going to go. I've never been there before. Let's go and do it." But the amount of business that comes out of those contacts is minuscule.

It used to drive me crazy, and it still drives me crazy, when the federal government, in conjunction with the provinces, has these Team Canada missions. Anybody who knows anything about business knows that if you think you can go on a four- or five-day trip to China and sign a \$3-million or \$2-billion deal and come home and say, "That was a great trip. I signed this deal," that's absurd. Those deals don't happen that way. They're negotiated over months, and sometimes over years. What happens, for political reasons, is they're all gathered up, they're all put into a great package, and when the politicians arrive they announce, "This mission is fabulous. Look what we did. We signed up \$5 billion worth of business in five days." If you can do that, man, keep those guys on the road 365 days a year, because we have a chance to really boom. It just doesn't work that way. To do any kind of business, as I said, it takes a long, long time.

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If I had any recommendation to make it is that sure, it's important, for a variety of reasons. Some of them are political, because we have certain ethnic communities that really feel we should be reaching out into their particular homelands, because there is opportunity—I have no question about that—but where we should be concentrating our efforts is where our business is, because I think that's important.

My colleague would like to ask a question, but I really wanted to read into the record an article that appeared in *BusinessWeek* this week, dated November 12. I'll just read a little bit of it.

"September 11 was a turning point for the US economy. But the terrorists also landed a body blow in Canadian towns whose prosperity has long hinged on easy cross-border travel.

"Now, with tightened security and wait times at crossings unpredictable, cross-border workers are quitting

their jobs, and stores and restaurants that counted on Americans taking advantage of the weak Canadian dollar are hurting badly. Border retail stores report sales down as much as 50%.

"Windsor, Ont, just across from Detroit, 'is dying on the vine,' says Richard Blouse, president of the Detroit Chamber of Commerce. About 7.5 million day-trippers cross the Detroit River into Windsor each year, but traffic is now at half pre-attack levels. A crossing that used to take a few minutes now can take hours. 'If things are going to bounce back, it's going to take a very long time,' says a spokesman at the large Windsor casino, which laid off 762 employees." Another statement is, "The Niagara region, too, finds business down 25%, says Carolyn Bones, president of Canada's Niagara Chamber of Commerce. 'We've tended not to think about the fact that there is a border,' she says. They're certainly thinking about it now."

The point I'm making is that we are so susceptible to what is happening in the United States. Unless we tend our garden there, we're going to have a problem. With that, my colleague has a couple of questions.

Mr Dwight Duncan (Windsor-St Clair): Minister, first of all, I apologize. I wasn't here for your full statement, but I did want to ask a couple of questions specific to the Windsor border. Let me begin by saying that I appreciate the efforts of the government to date with respect to the issues that have confronted my community, but I have two very specific issues that are of provincial mandate.

First of all, you'll be aware that the Huron Church Road corridor was downloaded to the city of Windsor, I believe in 1996-97. The city of Windsor, through a resolution of its council, as well as informal entreaties to your colleagues over the course of the last four years, has asked the province as a first step if they will upload the maintenance of that particular road. You'll know that subsequent to September 11, the mayor of Windsor communicated with the office of emergency measures and indicated that to the Windsor border crossing there are no direct links to provincial King's highways at that border. My first question is, will you undertake to upload that highway as a first immediate step?

My second question is again related to provincial jurisdiction, the maintenance of the road itself, the condition of the road. You'll be aware that there are 14 traffic lights commencing at the Ambassador Bridge and stretching to the Howard Avenue intersection with Highway 3 and the 401. Those are the only 14 traffic lights, as I understand it, that exist between roughly Montreal and El Paso, Texas, along the NAFTA corridor. I believe the last time there was major upgrading of that road was in the late 1980s by the Peterson government. Frankly, I feel that our government's decision at the time was not adequate. They didn't anticipate the growth in truck traffic. We anticipate at least one other border crossing that will need significant investment. Will your government undertake to be a partner in the development of that traffic corridor, whether it be straight on Huron

Church Road itself or if it will involve the E.C. Rowe Expressway and a new link at some place around Lauzon Parkway to the 401? I would appreciate hearing your views on those two issues.

Hon Mr Runciman: As the member knows, I'm not the Minister of Transportation in terms of taking back the responsibility for that stretch of road. I can tell you, in an informal way, that I've been part of conversations where that has arisen as a possibility. I met with Mr Mancini to talk about that route several months ago and I certainly recognize the concerns. I met with the trucking industry, which has expressed similar concerns.

We recently made a decision to communicate more directly with the municipality itself in terms of their priority-setting process for infrastructure programs where that particular roadway was not part of the priorities established by the municipality. So we have gone back to them in terms of the SuperBuild Millennium Partnerships program, for example, and asked them to reconsider their priorities in terms of where they would like those capital investment dollars to be directed. Certainly, from our ministry's perspective, that's an area that we think should be a clear priority. We're getting signals from the federal government as well that they recognize this and they may be quite willing to play a role there in upgrading that stretch of road and eliminating 14 traffic lights.

The Acting Chair: That concludes the time available to the loyal opposition. We now move to the third party.

Mr Tony Martin (Sault Ste Marie): I believe the way it works here this afternoon, just for my own edification, is that we get to put some comments and questions and then the minister gets to wrap up after. Is that correct?

The Acting Chair: That's correct. You have 30 minutes available to you, and you can speak; you can ask questions of the minister or ministry staff. There would have to be a decision made by the minister to perhaps—

Mr Martin: So I could put some questions on the record and then after I'm done you can respond to as many or as few as you want. OK. I've got some questions and I'll lay them out for you as I go along.

Just to start off on a bit of a theme, our view is that economic development budgets have been cut and there has been a lack of foresight. Ontario's capital spending is at a 20-year low, and that's dangerous. Specifically, your ministry has wiped out the capital budget for economic development and trade. The question is, how can you defend this, and are there plans underway to change the policy of non-funding?

Your ministry budget figure for operating expenditures has gone down from \$332 million in 1995-96 to \$99 million in 2000-01. Your total ministry budget has been cut from \$445 million in 1995-96 to \$99 million in 2000-01. You've cut \$346 million from the budget since 1995-96. Your ministry is a shell of what it once was. That doesn't leave a lot of room for creative economic development initiatives. The question I have is, how do you defend that?

In tough economic times, the government that I was part of made tough decisions to save and create jobs and support Ontario's industries. We considered economic development an investment, spending \$366 million in 1992-93 and raising that budget every year thereafter. In those days, there was also a capital budget for economic development. The NDP government worked with industry, focusing on building up specific sectors in the economy, such as auto parts, tourism, aerospace or forestry. We had a sector partnership fund. We had a loan and loan guarantee program. We helped young businesses get off the ground. Question: what has been the advice from your ministry in handling distressed communities and sectors during this economic downturn, especially in light of the fact that many of the proactive initiatives taken by the NDP have been abandoned by your government?

Historically there have been a number of weaknesses in the microeconomic business environment that afflict much of the provincial economy. Weak government policy with respect to specialized education and training, a poor record in public and private sector research and development, and corporate financing gaps have hindered the movement of Ontario firms to more sophisticated ways of competing. In addition, since 1995 Ontario has witnessed a serious underinvestment in basic primary, secondary and post-secondary education, a dramatic decline in investment in physical infrastructure and the abandonment of many of the traditional investment attraction practices that characterized the 1975 to 1995 period, and a sharp reduction in the funding of workplace-based skills development programs. The question is, what is your ministry's plan to address these key issues?

Ontario must improve all elements of its school-to-work system. This includes a revamping and expansion of the apprenticeship system as well as improvements in other youth-oriented employment and training programs. These are key to economic development. What is your ministry's plan to address these key issues?

1710

Ontario must improve its programs in workplace-based skills training and other specialized skills upgrading, particularly those oriented toward specific sectors of the economy. What is your ministry's plan to address these issues?

Ontario must increase publicly funded university research and research done directly in government labs and other public institutions such as teaching hospitals. These are key to smart economic development. What is your ministry's plan to address these issues?

Ontario must make improvements in its firm-level attraction and retention strategies. Particular attention should be placed on being far more proactive and systematic in dealing with restructuring situations such as the restructuring currently underway at Algoma Steel. What is the ministry's plan to address these issues?

Ontario must be much more proactive in encouraging cluster development and sectoral upgrading. From forest

products to auto to telecommunications, Ontario must be far more aggressive in identifying key sectors on which our future prosperity will be based, and it must develop and implement coherent strategies to excel in these areas. What is your ministry's plan to address these issues?

Ontario must be active in creating new vehicles for early stage risk financing of knowledge-based companies. What's your plan there?

Ontario must significantly increase strategic public investments in physical infrastructure: broadband, roads, regional rail, urban public transit, basic municipal and environmental infrastructure. What's the ministry's plan to deal with this, beyond SuperBuild?

SuperBuild: one of the major flaws of the SuperBuild program is that the criteria are often too difficult for many communities to meet. Finding private partners to match funding can be a challenge at the best of times, let alone during an economic slump. Has the ministry given any consideration to this problem in recessionary times?

Even those communities whose applications for SuperBuild money meet the criteria are finding the money is not flowing. In fact, this government is holding up a lot of really good projects that could be creating jobs to ward off recession. Many of those projects would have the dual effect of contributing to the health, safety or attractiveness of a community. How many SuperBuild projects promised for this year are out the door? How many are still waiting for funding, and what's the hold-up?

We are asking for a community-by-community report on all of the SuperBuild portfolios for this year, with specific breakdowns for OSTAR and the sports, culture and tourism partnerships and millennium fund applications. How much money has been promised? How much money has been spent this year to date and year by year, breaking it down in those specific areas, since SuperBuild began?

Many projects were promised, even announced, under OSTAR, but the funding is not there yet. We have a community just down the road from Sault Ste Marie, Iron Bridge, that has had a boil-water order on for at least two years now. They are still waiting for an announcement on their OSTAR.

The city of greater Sudbury is trying to get money flowing for a SuperBuild project that would provide full treatment, including filtration, at its David Street water treatment plant. The city has gone again with a detailed design for the upgrade of this facility and is anxious to get going. Most of the contract documents are ready to tender, but the city can't proceed due to lack of funding for the project. The city applied for SuperBuild funds, and the province has indicated it will devote \$15 million, but final approval continues to be delayed. In a letter to the Ministry of the Environment dated August 30, 2001, J.P. Graham, the city's plants engineer, warned, "With these delays, we now face winter construction. The difficulties arising from work at this time make it impossible to complete the construction of this project by December 31, 2002, as required by Ontario drinking

water regulation 459/00." The city is forced to ask for an extension in order to complete the necessary upgrade. Mr Graham wrote, "We are very disappointed about the delay of this work. We look forward to your support in securing the necessary funding to commence this work." Two months later, the city is still waiting for the funds to flow. Our question is, what's the holdup? How will this affect the drinking water regulation?

Just to give you a few other examples of the problems being created by the slow response and difficulty with OSTAR and SuperBuild, your government has released a flurry of news releases announcing SuperBuild funding that would allow communities to upgrade their water and sewage facilities, but the money doesn't appear to be flowing. We're having trouble finding a single community that applied for OSTAR money to fix its water and sewage systems that has actually received the SuperBuild money announced. For example: Sioux Lookout water treatment plant funding, still waiting; Red Lake water treatment plant, still waiting and there are boil-water orders; Hamilton hasn't received its \$45 million yet; Windsor hasn't received its money; Ottawa was told it would get \$70 million, but no money yet.

The township of Severn was supposed to get money, but it's not there yet, even though the government sent out a press release August 31, 2001, announcing construction of a communal water and sewage system that was expected to begin this fall.

Waterloo is waiting for its money. They say the process is long and frustrating and are hoping to hear any day now. They wanted it to be in the ground this fall. London has seen no money. They have projects ready to go but are waiting for approval. The government sent out a news release announcing SuperBuild funding for Thunder Bay on June 14, 2001. They're still waiting.

Hanover: news release August 17, 2001; still waiting. The township of Tay: news release August 31, 2001; still waiting. Niagara on the Lake: news release August 16, 2001; still waiting;

In some areas of the SuperBuild program, the government is blaming the federal Liberals. For example, when the Premier was in Sault Ste Marie last Thursday and was asked about some of the SuperBuild money for the Soo, he blamed the federal Liberals for holding things up. But we don't see a high-profile campaign from the finance minister whipping the federal government for dragging its heels. What does it plan to do to get Ottawa moving? Are SuperBuild projects in jeopardy because of the economic downturn?

There are problems with the culture, sports and recreation projects. In fact there is evidence this government is dragging its heels enough on its own without the federal government. Under the SuperBuild program, communities were encouraged to apply for capital funding to improve culture, sports or recreation facilities. Starting that project this month could create thousands of local jobs, and by next summer communities could boast new facilities to attract tourists. The application deadline was April. Where's the money?

Communities don't even know if their applications have been approved yet. In fact, the program is so popular that the government isn't even guaranteeing communities that meet the criteria, strict as they are, that they will get their funding. Has the ministry made its decisions yet on these applications? When will that money flow? What will it do for those communities that meet the criteria but are rejected because the program is too popular? For example, there have been 18 applications from the Timmins-James Bay area alone, and there is still no response.

Along with fast-tracking SuperBuild projects, the province should also focus on new capital projects that would help municipalities fix problems while creating jobs. One of the criticisms of SuperBuild is that it isn't enough. For instance, Ken Mitchell, who sought a federal Progressive Conservative nomination in Hamilton in 1997, wrote last spring in the *Hamilton Spectator* about the "inadequacy of the SuperBuild fund to meet the province's needs." He said, "Hamilton's water and sewer funding requirements alone represent 22% of the provincial funds earmarked for SuperBuild," yet the fund is split between water and sewer infrastructure, colleges and universities, roads and highways, hospitals, cultural and recreation centres and high-technology enterprises. He said, "media releases last year focused on highway projects. This is why Ontario needs a special program—a dedicated fund—geared to rebuilding the province's sewer and water pipes, sewage treatment, water treatment facilities and pumping capacity." Has the ministry considered alternatives to SuperBuild?

Export concerns: 95% of Ontario's exports go to the US. As it stands, the health of Ontario's economy lives and dies with the health of the US economy. What is your ministry's plan to address our heavy reliance on the US economy and to diversify our export markets?

Retail concerns: the retail sector says it faces its worst year in a decade. Retail sales are down \$50 million by your own government's accounts. The retail and hospitality sector is warning that job layoffs will come. What is your ministry's plan to help this sector and prevent layoffs?

Steel dumping: in my own community, the steel industry is in trouble—Algoma Steel, Stelco in Hamilton. What is your ministry's plan to help this sector and prevent layoffs or closures? I know we've spoken in the House about that and indicated your very real concern, and I accept that. But the problem is, nothing is happening. The federal government isn't acting in an aggressive and proactive manner. You indicated to me that you were going to speak to them to try to push them. I'm wondering what kind of response you've had on that to date, because it's killing the steel industry.

1720

Softwood lumber: Tembec lumber announced yesterday that it's closing its Kirkland Lake mill. Jobs will be lost. It'll be devastating to that community. What is your ministry's plan to help the lumber sector, especially in

light of trade concerns, to prevent that sector from crumbling as the economy slides into possible recession?

The auto sector is crashing. Given the province's reliance on auto exports to the US, what is the ministry's plan to help this sector and prevent a collapse in the province's export program?

You've heard us on electricity deregulation. Are there any studies or consideration the ministry may have given to the electricity deregulation disasters in the US and Alberta, which we've been raising, especially any consideration to the impact of deregulation and privatization on economic development and business health in Ontario? Are there any documents out there that you've been looking at, which give you the confidence you have to be moving in the way you propose?

The standard of living in Ontario depends greatly on the productivity with which it organizes its human, capital and natural resources. If Ontario continues to underinvest in the inputs required to stimulate innovation and productivity, there will be considerable long-term damage done to the living standards of all Ontarians. What is your ministry's plan to address productivity levels?

The federal government promised an innovation agenda, but it appears that agenda will be the first to go as the economy slumps into recession. That's the wrong way to go. We need to position ourselves to create highly skilled workers poised for the future challenge of the global economy. I recognize that right now both the federal and provincial governments, for very legitimate reasons, are focusing on security issues. But you need to spend money in these other areas as well. The question is, what is your ministry's plan to address the innovation challenge? Is the ministry considering a broadband infrastructure development program like Alberta's?

We have some concerns about small business. According to a survey by the professional services firm Deloitte and Touche, 80% of family businesses in Canada are expected to change hands in the next 15 years as owners approach retirement. Has the ministry considered this problem, and is there a plan to address it? I think you and I have worked together very successfully to bring some limited regulation to the whole area of franchising. Almost 50% of small business done in the province right now is in that area. I think we need to take a further, closer look at that. I think of the difficulty Grand and Toy is facing, or a whole whack of small businesses, entrepreneurs investing their money and now recognizing that that investment isn't very secure. I think we need to be working together to try to develop a strategy to support a lot of those small businesses as they change hands, as they sell off, and to protect indigenous, locally owned and locally controlled interests in a way that speaks to some sustainable long-term viability in our small business sector.

A strong urban agenda: again, an urban strategy would require stronger government support for transportation, heritage protection, affordable housing, downtown

revitalization programs and brownfield redevelopment. What are the ministry's plans to address these issues?

Your government likes to portray itself as an administration dedicated to smart growth. But here's what the Christian Farmers Federation says about smart growth and rural Ontario: "In rural Ontario, this is hollow rhetoric. Consider the provincial policy statement under the Planning Act. It sets out the key provincial interests related to land use planning. First, under developing strong communities the policy states, 'Rural areas will generally be the focus of resource activity, resource-based recreational activity and other rural land uses.' That is a recipe for rural stagnation. It stifles economic opportunities for rural areas. Rural communities cannot be primarily dependent on resource and resource-related pursuits. These activities are a shrinking slice of the economic pie and are more likely than other productive initiatives to consume natural capital. Rural participation in a full range of economic uses makes smart sense. Second, the policy specifically allows cities and settlements to expand onto our best foodland as long as 'there are no reasonable alternatives which avoid prime agricultural areas.'" The question is, define "no reasonable alternatives."

The Christian Farmers Federation has told the Ministry of Municipal Affairs that the policy needs some big fixes if it is going to deliver smart growth to rural Ontario. Your ministry needs to address this because it affects economic development. Have you considered this? What's your plan to address the problems of rural Ontario?

How much time do I have left?

The Acting Chair: You have 10 minutes.

Mr Martin: Ten minutes? OK.

Mr Klees: At least time for a couple more questions.

Mr Martin: OK. I note that the minister is paying close attention and taking notes and doing his job—

Mr Klees: Absolutely.

Mr Martin: —and I'm only doing mine. I hope you appreciate that.

In my own jurisdiction, we're a community in some stress at the moment. I think you understand that, because we've had conversations, both across the floor and personally. Algoma Steel is struggling. You'll remember, because you were around, the leadership and the contribution the provincial government particularly made in the early 1990s to restructure at that point. There's some suggestion in southern Ontario and in some of the national media that that was a bailout. I'm here today to say to you that it was in no way a bailout. As a matter of fact, if there was any bailing out done, it was the workers bailing out that particular enterprise by giving up significant income so the company could be saved.

There are unique and creative and progressive ways for government to participate in restructuring major industries, particularly industries in stress. Given all the pressures on the steel industry at the moment, I would suggest that to you that even though we're thankful that you're there on the pension issue—and we really ap-

preciate that. It's very important; it's vital. As I speak to the steelworkers in particular who are in fact the only real voice our community has at that table, fighting on those issues that will affect our community directly, no matter what happens by way of outcome on this, they indicate to me that the role you're playing on the pension issue is crucial, and they appreciate it. But I also note from some of their fear that they wish you would play a bit of a wider role and be more active with them in challenging the note holders in terms of what they're asking for and the contribution they feel needs to be made.

You and I know, because we both come from industrial parts of the province, where the resource-based economy is still very much the heart and soul of how we make a living, and hopefully will continue to be a very important part of our future, that the major contribution by industries like steel on the side of the St Marys River to communities like Sault Ste Marie is by way of the salaries paid to workers, who then spend that money in the community by way of taxes paid on property and by way of goods and services bought from local businesses. Everything else, for the most part, is out of town. The note holders in this instance, where Algoma Steel is concerned, are mostly located in New York. Any contribution made to them—I know a contribution has to be made. I don't think we're being silly in Sault Ste Marie; we understand some of the realities here. But any contribution made at the expense of the workers and pensioners and small businesses in our community is a net loss to our community and to the province and, in fact, to the country. Right now, the only voice at the table fighting for those interests is the steelworkers.

I suggest that they're feeling kind of lonely and would like some help from you and from the federal government in that very important struggle. I think in your opening statement, you indicated that the difficulty with the steel industry isn't capacity; it's a worldwide restructuring and an issue of dumping that has killed the market in a significant way. We need to be, in my understanding of it, working with those industries to find ways to deal with some of that and to become more competitive.

1730

The Acting Chair: Five minutes, Mr Martin.

Mr Martin: I just put that on the table as something that you and I perhaps need to discuss further and by way of challenge from my community to you and to your government so that we might all at the end of the day continue to be winners in this. I said before, and I need to say it again, how much we appreciate your participation on the pension issue.

The other thing I wanted to talk to you about—actually there are a couple but I only have five minutes. I think it's really important, in northern Ontario particularly, for your government to be looking at—and perhaps using the northern Ontario heritage fund and working with your colleague in MNDM—a community adjustment fund or maybe a trade adjustment fund for small communities and medium-sized communities,

particularly in the north and rural Ontario that are being affected so dramatically by some of the changes because of the new trade regulations that have come into place over the last 10 or 15 years, that are really struggling to find ways to reinvest or invest in new technology to make sure that our resource-based industries are competitive and productive and to give us some opportunity to grab hold of some of the new stuff.

I mentioned earlier some of the comments regarding the rural economy and the Christian Farmers group, where they say they've got to be given opportunity, as well, to participate in some of the new economy that's out there and that's coming at us. Just to suggest and perhaps ask that you might look at a fund of some sort, a resource of some sort, to northern and rural Ontario to help communities and industries in stress adjust.

There's one other piece, and it's in the area of export. I know that you've laid out some of the things you're doing to try to increase and improve our export alternatives and how you're now into Europe in a significant way and working with the federal government to set up shop in some of those jurisdictions. We in Sault Ste Marie have taken on what I think is a rather courageous and innovative approach to doing this as well. We've gone into Ireland, one of the hottest economies at the moment in the world. We took 11 business folks over there in June 2000. This year, 2001, we had 23 business people come back, and 75 businesses from northern Ontario and the States met with them. There's ongoing contact trying to establish possibilities for some new investment. We're looking at taking up to 200 people back to Ireland next May. We're doing all of that on a shoestring. I spoke to Minister Palladini on a number of occasions before we went the first time, looking for some support and help and some recognition of this effort. I guess because it wasn't a priority at that time—and we needed to prove ourselves, and I think we have—we didn't get much support. As a matter of fact, I don't think we got any. There was some talk of \$5,000 at one point. I'm not sure if that cheque was ever written or ever got delivered.

Initially, when we met with Minister Palladini in the Soo—and it was members of the chamber of commerce and some of the business development people I was working with—

The Acting-Chair: One minute, Mr Martin.

Mr Martin: —there was a suggestion that what we were proposing was exciting and that the budget was modest. We still continue to operate on a fairly modest budget as we push this forward. I'm here today to ask for your support, to ask for a meeting, possibly, in the not-too-distant future to talk further about this to see if there is some interest and if there's some way that you and I and Sault Ste Marie and your government could work together to further this exciting and innovative approach to try to develop new export marketing links and to get into that economy: Ireland coming into Sault Ste Marie to access the North American market and Sault Ste Marie going into Ireland to access the European market.

Thank you very much for your patience and your understanding, and thanks to everybody else for theirs.

The Acting Chair: You might have about 30 seconds to answer all those questions.

Hon Mr Runciman: For his last comment, I want to thank Mr O'Martin for his contribution. I'll just say I'm quite pleased to have that meeting with you and see if there's some way either our ministry or perhaps northern development—or some other avenue where we can explore possibilities.

I'd like to respond to some of the other comments perhaps in our time. I don't know how our members feel.

The Acting Chair: The remaining time is yours, Minister, if you have any further remarks you want to make. I know there are some questions from the government side.

Hon Mr Runciman: I'll just take a few minutes. I'd just like to respond to a couple of things that were raised.

The Acting Chair: The time is yours.

Hon Mr Runciman: Mr Kwinter, whom I've known for many years and for whom I have a great deal of respect—he and I seem to follow one another around. He succeeded me as Minister of Consumer and Commercial Relations in 1985 and now I've succeeded him in this portfolio.

Mr Kwinter: There's still another election to go.

Hon Mr Runciman: That's right. It's coming. It's a question of who goes first.

Obviously, the ministry has changed substantially and its budget has changed substantially, but I don't think its priorities in terms of its role in government of enhancing economic prospects for the province have changed that dramatically.

You mention the auto industry and the auto sector, and I certainly agree with you in terms of its importance. I have only been in this role for a little over eight months, but certainly one of my first priorities was to meet with the auto sector officials. I travelled to Grand Rapids and, along with Minister Tobin and Deputy Prime Minister Gray, met with the North American president to discuss Chrysler's future in Ontario. I'm certainly concerned about those kinds of issues. Later, in the only foreign trip that I've made as minister, I travelled to Germany to DaimlerChrysler's head office, also to talk to them about future investment decisions and the future of their company in our province. I met with General Motors as well. We keep in constant contact through the ministry with the auto sector. During the September 11 to 17 period, we were in daily, if not hourly, contact with not just the auto sector but the auto parts sectors as well. We recognize the critical importance to our economy, and I don't want you to be misled by any lack of reference in my opening comments to that sector. It's clearly recognized as critical to our long-term economic well-being. Certainly the border issue is a major factor in terms of the future health of the just-in-time delivery issues.

You raised this issue in the House with respect to pre-clearance and other issues going by the wayside, and I

apologize if I wasn't as fulsome in my explanation as I could or should have been in that. I'm not talking about them permanently going by the wayside; I meant through that immediate period following September 11. I think there are still concerns and considerations—there's no question about that—but I think the overriding priority and concern is security and all of the other issues fall somewhere underneath the security question.

We sponsored a round table last week, as I mentioned in my comments. We hopefully will be issuing a report on that round table very shortly. We had the auto sector well represented at that round table and we devoted a portion of it to economic issues. We talked about things like pre-clearance. We talked about high-security drivers' licences. We talked about infrastructure, how we can speed up infrastructure projects to expedite cross-border traffic. We talked about a whole range of issues that I think you expressed concern about in the House. So they're certainly not off the table and they're part of this package in terms of addressing very significant, top-of-mind concerns of business leaders in Ontario—and not just in Ontario, because obviously Michigan, New York state and Ohio, the border states, have a significant interest in seeing this border move as freely as possible as well. We are New York state's and Michigan's biggest partner. We have the largest trading partnership in the world with Michigan in two-way trade. So obviously they have a role to play here.

1740

The Premier has called for an early meeting of the Great Lakes governors, which I assume Premier Landry will attend as well. We met with the Canadian Manufacturers and Exporters who also would like to hold a parallel business leaders' summit, on the same day and in the same city in the United States, with their American equivalent association to talk about business-specific concerns and issues and try to draw more public attention from the American public and the American political leaders in terms of what's happening in Canada.

There are a lot of misconceptions within the American public and within senior political leadership. We've heard comments made by Senator Dianne Feinstein from California and by Patrick Leahy of Vermont, which is on the Canadian border, expressing very serious concerns about the Canadian border and the threat it poses to the security of the United States. I think we have to do a much better job of getting down there and talking to our American friends about what we're doing here and how we're addressing these concerns so that we're obviously going to raise their comfort levels.

You talked about our focus with these new offices or co-locations. I have to tell you that I agree completely with you. As I said, I am still relatively new in this role, but I want to see us put more focus on the American market. I don't think we can take this market for granted. One of the things I have raised with my officials and with business folks as well over the past couple of months, talking about this issue, is the fact that Mexico, our NAFTA partner, is obviously aiming to take a good

chunk of that American market as well. If we sit back and assume that 93% or 94% is always going to be there and continue to grow, I think it's foolhardy to say the least.

My view is the same as yours. I want to see us put more emphasis into the United States. I'd like to see us opening more offices in the United States, either stand-alone offices or co-locations, and we're pursuing that right now.

I'm not sure, Monte, if there was anything else there that you raised that I should address. I wrote your quote down, which I think was quite accurate, "tend our US garden." Once again, I completely agree with you on that.

Mr Martin raised a whole bunch of issues, to say the least. I'm not sure that I can answer all of them, because they were over a range of ministries, really, although I certainly would like to see this ministry perhaps play a more active role than it has in the past in terms of commenting on all of these kinds of issues that have economic impacts on the province. We should be very carefully vetting all these initiatives so that our voice is clearly heard around the decision-making tables of government. That's something we're trying to improve upon right now.

You talked about productivity. I don't think you were here when I said earlier that there is a real effort on our part, through the appointment of Roger Martin, dean of the Joseph Rotman school of business at the University of Toronto, through his task force, to look at all of these issues of productivity. We have a blue ribbon panel that was appointed two weeks ago, in an announcement that got virtually no public attention. I think it was the day after the Premier's announcement that he was resigning, so that seemed to dominate the news. I don't think too many people are aware of what we're doing in that area, but that is now underway. Mr Martin has been allocated resources and his task force has been appointed. They are going to be looking at a range of issues. You mentioned clusters, and that's one of the areas they're going to be taking a look at as well in terms of productivity.

Steel: one of the first things I did coming into this office was travel to Ottawa to meet with Mr Pettigrew, the international trade minister at the federal level, and I did discuss the steel issue with him, as well as softwood and a number of other issues that we share an interest in.

Two months ago now, I think it was, I met with the CEOs of all the major steel producers in Ontario, including Algoma, to talk about their concerns and the ways that we can assist them in joint efforts to improve the health of the industry. We're looking at travelling to Washington with a number of representatives of the industry to make sure that our case is being heard. I think there's a legitimate concern on the part of the industry with respect to the consistent findings of the federal tribunals in terms of dumping that the industry itself is finding significant fault with. Perhaps we can look at that and the system and make sure that their concerns are

heard in Ottawa, where those changes would have to occur.

The Soo: we obviously recognize the importance of Algoma to Sault Ste Marie and we are at the table. I think the proposal from the provincial government with respect to pensions is going to save the company something like \$20 million a year. We know that restructuring plan is before the courts. Part of the problem at the moment, I gather, is that the bondholders and the union stakeholders have not been—I believe Mr Stephen is looking for additional concessions and that's been the problem up to this point in time. The federal government has not, as I'm aware, come to the party. I think your federal counterpart should be playing a greater role in seeing if that can happen. Along with the Ministry of Northern Development and Mines, our ministry is looking at different ways that we can assist the community. We're also looking at, as you mentioned, the resource-dependent communities, the one-industry towns, and we're trying to come up with ways that we can assist them as well during difficult times. We're looking at pilots and programs which I can't get into at this stage because they are really very much at the discussion-and-policy-development level as of today.

You talked about SuperBuild and OSTAR announcements, and I think my colleagues are perhaps as aware of these announcements as I am. We're looking toward rolling out a lot of those announcements in the next few weeks. You're going to see a significant number of announcements in the next three, four, six weeks.

With respect to your asking about what we are going to do if the feds are not quick in responding in terms of their participation, my own view on that is that we go ahead and make the announcements. This is what the province is prepared to put toward this project and this is what the municipality is prepared to put toward the project. Now let's turn our heads east toward Ottawa and not continue to delay announcements like this if we're simply waiting for approvals or bargaining discussions with the federal government. These are the priorities of the municipalities, and the province agrees. Let's get on with it. I think you may see some of that happening. That's just my own prediction at this stage.

1750

Softwood: your colleague from Timmins raised this issue in the House last week and was suggesting that our government wasn't being supportive of the industry in Ontario. I just want to clear the air on that one. This is a letter dated November 5 and addressed to Pierre Pettigrew, from the Ontario Lumber Manufacturers' Association. It essentially says: "The OFIA strongly supports the position being taken by our provincial government, which was outlined in a recent letter sent to you by the Honourable Robert Runciman. In that letter, the Ontario government made it quite clear that it is vehemently opposed to any action by the Canadian government which would eliminate the choice of Ontario to negotiate its own agreement with the United States or to seek a litigated solution to the US complaint."

I'm not sure where your colleague was quoting someone from this association, but the formal position of the association is that they are in very strong agreement with our government. We have tried to work in close collaboration with the industry with respect to how we approach these softwood lumber issues.

I suspect I haven't touched on all your issues, Tony. I know we could get into capital budgets of the Ontario Development Corp or a wind-down of the Ontario Development Corp. Obviously you and the Liberal government had a different philosophy, and we could debate that until the cows come home. But we could also use examples like Orion Bus. There are a lot of horrific examples of taxpayers' dollars going into businesses and industries where, at the end of the day, the taxpayer paid a significant penalty.

We made a decision early on that we were not going to get into the business of picking winners and losers. We were going to make our best efforts to make sure we had one of the most attractive business climates in the world, so that it is well worth your while to come here, to stay here, to make the investments and create the jobs.

Over the past six years, I think the wisdom of that approach has been amply proven. Obviously we're going into more difficult times right now. Our view is that we've laid the groundwork to be able to cope with an economic slowdown in a much more effective way than we would have six or seven years ago. Time will tell if that proves to be the correct assessment, but I can tell you that the members of the government feel very strongly that we have done the right things and we're going to continue along that path.

Obviously no one at this point can predict the depth or length of the slowdown and what its impact is going to be, and obviously we're going to have to make some difficult decisions over the next few months, as the Minister of Finance indicated yesterday. This government has indicated over its six years in office that we continue to be prepared to make those tough decisions.

The Acting Chair: We've got about seven minutes left, and we have some votes that we're going to have to deal with as well.

Mr Frank Mazzilli (London-Fanshawe): Thank you, Minister. I certainly had the opportunity to listen to all sides, and I encourage you to keep to the policies that work, and that's by not subsidizing corporations.

The one thing I do want to address—this tax cut thing seems to come to the debate every day—is arguing, if you will, what works and what doesn't. At the end of the day, whether you're a private corporation or a government, if you can grow revenues from \$39 billion to some \$62 billion, I think you've been a successful government. We talk about this \$1.1 billion in tax cuts—some of them are going to be corporate losses that are going to be carried forward, and we know that. Yet we hear people talk about this as money you're taking out of a budget this year, which is not the fact. Some of them are going to be carried over for two or three years, but somehow

some people want to spend it today. So I encourage you to keep on with those types of policies in the future.

The one thing I continually hear about this sovereignty issue—I want to talk about monetary policy. I know your ministry tracks land registries and so on. I've read, right across the country—some of the coast having been bought by Americans. I'm wondering, whether it's real estate or shares in Canadian corporations in Ontario, how much sovereignty we have because of our low dollar. How much of our property, our assets, have been purchased by Americans because of our low dollar? Can you or any of your ministry officials say?

Hon Mr Runciman: I just want to say I agree with you. I think I've seen that issue raised, the sort of bogeyman of losing our sovereignty. But there seems to be very little concern about the loss. I saw a column recently in the Toronto Star, David Crane commenting on the loss of head offices moving out of Canada. He was expressing concern about these multinationals coming in and scooping up Canadian companies, especially Canadian energy companies, and then moving head offices out of Canada. I think it's a very legitimate, valid concern, which is currently being ignored at the federal level. Perhaps, as a provincial government, we should be saying more about this issue in terms of its impact on our sovereignty and our ability to make important, critical economic decisions in the future, and to have the independence to do that as a country.

I don't know if we have any data on that sort of thing. I'll refer to the deputy.

Ms Barbara Miller: One of the key issues identified by Roger Martin, Dean of the Rotman School of Business, is the dollar and the effect that may have on productivity. I expect, as he rolls out his recommendations, that that will be included.

Hon Mr Runciman: That won't be in terms of economic sovereignty. He'll be taking a look at the impact on productivity levels in Ontario, and he believes

it has a significant negative impact on improving productivity levels in this province and this country because we've had this low dollar policy in effect for almost a decade.

Mr Mazzilli: It would seem to me, just from reading some of the recent information around, that especially the smaller provinces' sovereignty has already been lost because much of the valuable land has been sold, and purchased by Americans. I know in our area, all the people who are buying cottage properties are Americans. A \$100,000 cottage becomes a \$50,000 weekend getaway. So when we talk about sovereignty, I certainly would like you to raise that issue.

Hon Mr Runciman: It would be a good question in the House perhaps.

The Acting Chair: We have some votes we have to take, so that's going to wrap up our time.

Minister, I want to thank you and your staff for being here today. I will take this opportunity from the chair to personally thank you for your efforts in ensuring that Sterling Truck remained in Ontario. I think that was important. It was an investment that was made a number of years ago, and we couldn't afford to lose it.

One last comment: of all the government ministries, this is the one ministry that should be non-partisan, because we all win with economic development, we truly do.

With that, we have four votes in front of us.

Mr O'Toole: Chair, can we bundle them together, please?

The Acting Chair: Shall votes 901 and 902 carry? In favour? Opposed? Carried.

Shall the estimates of the Ministry of Economic Development and Trade carry? Carried.

Shall I report the estimates of the Ministry of Economic Development and Trade to the House? Agreed.

Any further business? We stand adjourned.

The committee adjourned at 1759.



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